

# Exhibit A

UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION

CHRISTOPHER L. SAYCE, *et al.*

Plaintiffs,

v.

FORESCOUT TECHNOLOGIES, INC., *et al.*,

Defendants.

Case No. 20-CV-00076-SI

EXPERT REPORT OF ZACHARY NYE, PH.D.

October 27, 2023

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**I. Background and Qualifications**

1. I am a financial economist and Vice President at Stanford Consulting Group, Inc. (“SCG”). Since 1981, SCG has provided economic research and expert testimony for business litigation, and regulatory and legislative proceedings. All SCG professionals hold masters or doctoral degrees in business, economics, finance or operations research, and certain senior consultants have testified as experts in these fields. I have an A.B. in Economics from Princeton University; an M.Sc. in Finance from the London Business School; and a Ph.D. in Finance from the Paul Merage School of Business at the University of California, Irvine. I have co-authored academic research published in peer-reviewed conference proceedings, as well as working papers with finance faculty at various universities. My research areas include the market efficiency of financial and derivative securities, volatility forecasting, risk management, financial econometrics, valuation and corporate finance. I have previously served as an expert witness in matters involving securities litigation, as well as business and intellectual property valuation. My curriculum vitae, which includes my academic research, publications in the past ten years, and expert testimony in the preceding four years, is attached hereto as Exhibit 1.

2. My current hourly rate is \$990. I have received assistance from individuals at SCG, who worked under my direction; their fees charged for this project are their standard hourly rates. Neither my compensation nor that of any individual at SCG is contingent on the outcome of this litigation.

**II. Scope of Engagement**

3. I have been retained by Counsel for Lead Plaintiffs in this matter to opine as to whether the common stock of Forescout Technologies, Inc. (“Forescout” or the “Company”) traded in an efficient market during the period May 9, 2019 through May 15, 2020, inclusive (the “Class

Period”). I also have been asked by Counsel to opine on whether damages under §10(b) (“Section 10(b)”) of the Securities Exchange Act of 1934 (“Exchange Act”), and Rule 10b-5 promulgated thereunder by the SEC, can be calculated using a method that is common to each Class member and in a manner consistent with Lead Plaintiffs’ theory of liability, for investors who purchased or otherwise acquired Forescout stock during the Class Period and were damaged thereby.<sup>1</sup> However, I have not been asked at this time to calculate or opine on the amount of any such damages.

### **III. Bases for Opinions**

4. My opinions are based upon my professional knowledge and experience, my review of documents and information relevant to this matter (*see* Exhibit 2), and the analyses described in this Report and its Exhibits. Documents, data, and other information that I have relied upon as bases for my opinions are cited in this Report and its Exhibits. Such documents and information are typically relied upon by financial experts in securities class actions and by financial economists in their research.

5. Counsel for Lead Plaintiffs has informed me that the record in this matter continues to be developed and that fact discovery is ongoing. To the extent it is relevant, I would expect to review additional information that may become available through discovery as well as the reports and deposition testimony of other expert witnesses. The opinions offered in this Report are subject to refinement or revision based on continuing analysis of the documents and

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<sup>1</sup> The claims in this action are set forth in the Second Consolidated Amended Complaint for Violations of the Securities Laws, filed May 10, 2021, Dkt. 142 (the “Complaint”). *See also* Order Granting Defendants’ Motion to Dismiss, filed October 6, 2021, Dkt. 158; and United States Court of Appeals for the Ninth Circuit Opinion, filed March 16, 2023.

information listed above, as well as new or additional information that may be provided to or obtained by me in the course of this matter.

#### **IV. Summary of Opinions**

6. As discussed below in §VI, based on my review of the available information in this matter, and careful analysis of data specific to Forescout relating to the market efficiency factors detailed throughout this Report, I conclude that the market for Forescout stock was efficient throughout the Class Period.

7. As discussed in §VII, it is my opinion that damages under Section 10(b) of the Exchange Act, for investors who purchased or otherwise acquired Forescout stock during the Class Period, can be calculated using a methodology that is common to all members of the Class and in a manner that is consistent with Lead Plaintiffs' theory of liability.

#### **V. Overview of Forescout's Business Operations**

8. Formed in 2000, Forescout is a Delaware corporation with its principal executive office in San Jose, California.<sup>2</sup> According to the Company, it "designs, develops, and markets device visibility, control, and orchestration software that helps organizations gain complete situational awareness of all devices in their interconnected environment and orchestrate actions to mitigate both their cyber and operational risk."<sup>3</sup> Throughout the Class Period, the Company offered software and hardware products across two product groups: i) products for visibility and control capabilities; and ii) products for orchestration capabilities.<sup>4</sup> Forescout's visibility and control

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<sup>2</sup> Forescout Technologies, Inc., SEC Form 10-K for year-end 2019, filed February 28, 2020, p. 14.

<sup>3</sup> *Id.*, p. 84; Forescout Technologies, Inc., SEC Form 10-Q for the period ended June 30, 2020, filed August 5, 2020, p. 11.

<sup>4</sup> *Ibid.*

capabilities products included “eyeSight, eyeSegment, [and] eyeControl,” which “provide for visibility and control capabilities across the extended enterprise, from campus to data center to hybrid cloud to operational technology (‘OT’) devices,” as well as SilentDefense, which “provides for visibility and control capabilities deeper within the OT portion of the network.”<sup>5</sup> Forescout’s “products for orchestration capabilities [were] comprised of its portfolio of eyeExtend family of product.”<sup>6</sup> The Company sold “its Software Products, Hardware Products, support and maintenance contracts, and professional services to end-customers through distributors and resellers, who [were] supported by the Company’s sales and marketing organization, and to a lesser extent directly to end-customers.”<sup>7</sup>

9. Prior to the Class Period, in October 2017, Forescout completed its initial public offering, pursuant to which its common stock was listed and began trading on the Nasdaq Global Select Market under the symbol “FSCT.”<sup>8</sup> During the Class Period, on February 6, 2020, the Company announced that it would be acquired by Advent International Corporation (“Advent”) for \$33.00 per share in an all-cash transaction that valued Forescout at \$1.9 billion. Forescout was to become a private company when the transaction closed “in the second calendar quarter of 2020.”<sup>9</sup> After the Class Period, on July 15, 2020, Forescout “approved a revised definitive agreement under which Advent w[ould] acquire all outstanding shares of Forescout common

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<sup>5</sup> *Ibid.*

<sup>6</sup> *Ibid.*

<sup>7</sup> *Ibid.*

<sup>8</sup> Forescout Technologies, Inc., SEC Form 10-K for year-end 2019, filed February 28, 2020, pp. 14, 46, 89. *See also* Forescout Technologies Announces Pricing of Initial Public Offering, October 26, 2017; Advent International Completes Tender Offer for Shares of Forescout Technologies, August 17, 2020.

<sup>9</sup> *GlobeNewswire*, “Forescout to be Acquired by Advent International in \$1.9 Billion Transaction,” February 6, 2020, 8:00 AM.

stock for \$29.00 per share.”<sup>10</sup> The merger was completed on August 17, 2020, at which time the Company’s shares ceased to trade on the Nasdaq Global Select Market.<sup>11</sup>

10. As of year-end 2019, the Company had 1,217 employees, including 1,206 full-time employees.<sup>12</sup> The Company’s full-year 2019 and first-half 2020 reported revenue was as follows:<sup>13</sup>

<b>Revenue (in thousands)</b>	<b>FY 2019</b>	<b>1H 2020</b>
License	\$175,115	\$52,376
Subscription	\$142,777	\$75,138
Professional Services	\$18,909	\$9,515
<b>Total Revenue</b>	<b>\$336,801</b>	<b>\$137,029</b>

## **VI. The Market for Forescout Stock Was Efficient Throughout the Class Period**

11. In this case, Lead Plaintiffs have asserted the “fraud-on-the-market” presumption of reliance.<sup>14</sup> The “fraud-on-the-market” theory was addressed by the U.S. Supreme Court in *Basic, Inc. v. Levinson*:

In an open and developed securities market, the price of a company’s stock is determined by the available material information regarding the company and its business.... Misleading statements will therefore defraud purchasers of stock even if the purchasers do not directly rely on the misstatements.... The causal connection between the defendants’ fraud and the plaintiffs’ purchase of stock in such a case is no less significant than in a case of direct reliance on misrepresentations.<sup>15</sup>

<sup>10</sup> *GlobeNewswire*, “Forescout and Advent International Reach Amended Merger Agreement,” July 15, 2020, 9:00 AM. *See also* Forescout Technologies, Inc., SEC Form 10-Q for the period ended June 30, 2020, filed August 5, 2020, p. 11.

<sup>11</sup> *Business Wire*, “Advent International Completes Tender Offer for Shares of Forescout Technologies,” August 17, 2020, 8:45 AM.

<sup>12</sup> Forescout Technologies, Inc., SEC Form 10-K for year-end 2019, filed February 28, 2020, p. 13.

<sup>13</sup> *Id.*, pp. 79, 85; Forescout Technologies, Inc., SEC Form 10-Q for the period ended June 30, 2020, filed August 5, 2020, p. 7.

<sup>14</sup> Complaint, ¶164.

<sup>15</sup> *Basic, Inc. v. Levinson*, 485 U.S. 224, 241–242 (1988).



12. Since *Basic*, academic economists have debated various forms of the efficient capital market hypothesis (“ECMH”).<sup>16</sup> In 2014, the Supreme Court clarified that *Basic* did not “endorse ‘any particular theory of how quickly and completely publicly available information is reflected in market price.’”<sup>17</sup> On the contrary, the “fraud-on-the-market” theory is based “on the fairly modest premise that ‘market professionals generally consider most publicly announced material statements about companies, thereby affecting stock market prices.’”<sup>18</sup> Under this theory, investors’ reliance on any public material misrepresentations and/or omissions may be presumed for purposes of a Rule 10b-5 action since the effects of those misrepresentations and/or omissions will already be impounded in the market price.<sup>19</sup>

13. While the Supreme Court in *Halliburton II* stated that a market need only be “generally efficient” to invoke the “fraud on the market” presumption, it did not adopt any particular test of

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<sup>16</sup> Generally speaking, academic economists consider there to be three forms of market efficiency: “weak” form; “semi-strong” form; and “strong” form market efficiency. (See Elton, E., M. Gruber, S. Brown and W. Goetzmann, *Modern Portfolio Theory and Investment Analysis*, 6th ed., John Wiley and Sons, Inc., 2007, p. 400.) In “fraud-on-the-market” litigation, several courts reference the semi-strong form of market efficiency, which implies that market prices incorporate all publicly available information. In academic finance literature, this is referred to as “informational efficiency.” This hypothesis has been empirically validated in numerous studies. (See, e.g., Fama, Eugene F., 1970 “Efficient Capital Markets: A Review of Theory and Empirical Work,” *Journal of Finance*, Vol. 25, Issue 2, pp. 383–417.) The ECMH also has stood up against its critics; while anomalies have occurred in financial markets, they appear to be random and do not allow for trading strategies that would create abnormal profits. (See, e.g., Fama, Eugene F., 1998, “Market Efficiency, Long-term Returns, and Behavioral Finance,” *Journal of Financial Economics*, Vol. 49, pp. 283–306; Malkiel, Burton G., 2003, “The Efficient Market Hypothesis and Its Critics,” *Journal of Economic Perspectives*, Vol. 17, pp. 59–82.)

<sup>17</sup> *Halliburton Co. v. Erica P. John Fund, Inc.*, 134 S. Ct. 2398, 2403 (2014) (“*Halliburton II*”), quoting *Basic*, 485 U.S. at 248, n.28.

<sup>18</sup> *Id.*, quoting *Basic*, 485 U.S. at 246, n.24.

<sup>19</sup> *Basic*, 485 U.S. at 241–242, 244, quoting *Peil v. Speiser*, 806 F.2d 1154, 1160–61 (3d Cir. 1986). See also, *Erica P. John Fund, Inc. v. Halliburton Co.*, 563 U.S. 804 (2011).

general market efficiency.<sup>20</sup> Accordingly, I consider in this Report tests of efficiency that courts have commonly used in securities litigation for over 30 years. An empirical test of market efficiency is to examine price responsiveness to the release of new and material information about the company in question. If the security price responds relatively quickly, the response supports a conclusion that the market for the security is efficient. Additional tests include the examination of certain market conditions that have been found to promote efficiency.

14. Consistent with *Basic* and *Halliburton II*, the oft-cited *Cammer v. Bloom* decision considered “efficient markets” to be “markets which are so active and followed that material information disclosed by a company is expected to be reflected in the stock price.”<sup>21</sup> The court in *Cammer* identified five non-exhaustive factors that may be considered in determining whether the market for a security is efficient.<sup>22</sup> I understand that courts throughout the country assessing the applicability of the “fraud on the market” doctrine, including courts in the United States District Court for the Northern District of California, have widely adopted these five factors in evaluating market efficiency.<sup>23</sup> In concluding that the market for Forescout stock was efficient

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<sup>20</sup> *Halliburton II*, 134 S. Ct. at 2404.

<sup>21</sup> *Cammer v. Bloom*, 711 F. Supp. 1264, 1273 n.11 (D.N.J. 1989).

<sup>22</sup> “The vast majority of courts have used the *Cammer* factors as ‘an analytical tool rather than as a checklist.’ Indeed, not even the *Cammer* court considered the fifth factor necessary, stating only that ‘it *would be helpful* to a plaintiff seeking to allege an efficient market . . . .’” *Carpenters Pension Trust Fund of St. Louis v. Barclays PLC*, 310 F.R.D. 69, 83 (S.D.N.Y. 2015). “Different contexts require courts to place greater importance on some factors than on others. No other court has adopted a per se rule that any one factor is dispositive. At the same time, courts have found market efficiency in the absence of an event study or where the event study was not definitive.” *Id.*, 310 F.R.D. at 84.

<sup>23</sup> See, e.g., *Sheet Metal Workers Nat’l Pension Fund v. Bayer Aktiengesellschaft*, No. 20-CV-04737-RS, 2023 WL 3569981 (N.D. Cal. May 19, 2023); *Malriat v. QuantumScape Corp.*, No. 3:21-CV-00058-WHO, 2022 WL 17974629 (N.D. Cal. Dec. 19, 2022); *Purple Mountain Tr. v. Wells Fargo & Co.*, No. 18-CV-03948-JD, 2022 WL 3357835 (N.D. Cal. Aug. 15, 2022); *City of Sunrise Firefighters’ Pension Fund v. Oracle Corp.*, No. 18-CV-04844-BLF, 2022 WL 1459567

throughout the Class Period, I considered each of the following five *Cammer* factors as applied to the stock:

- i. whether the security trades at a large weekly volume;
- ii. whether analysts follow and report on the security;
- iii. whether the security has market makers and whether there is a potential for arbitrage activity;
- iv. whether the company is eligible to file SEC Form S-3; and
- v. whether empirical facts show a cause-and-effect relationship between the release of new, material information about the company in question and a response in the security's price.<sup>24</sup>

15. In addition to these five *Cammer* Factors, I have considered three other factors that have also been applied by courts in evaluating market efficiency.<sup>25</sup> These additional factors are:

- i. the company's market capitalization;
- ii. the bid/ask spread on transactions in the security; and
- iii. the security's public float.

16. As demonstrated below in §VI.A–§VI.H, an analysis of these factors supports my conclusion that the market for Forescout stock was informationally efficient throughout the Class Period.

17. Although not necessarily conclusive of market efficiency, it is worth noting that throughout the Class Period, Forescout common stock was listed and traded on the Nasdaq

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(N.D. Cal. May 9, 2022); *In re Diamond Foods, Inc. Sec. Litig.*, 295 F.R.D. 240 (N.D. Cal. 2013); *Hodges v. Akeena Solar, Inc.*, 274 F.R.D. 259 (N.D. Cal. 2011); *In re Juniper Networks, Inc. Sec. Litig.*, 264 F.R.D. 584 (N.D. Cal. 2009); *see also Binder v. Gillespie*, 184 F.3d 1059, 1064–65 (9th Cir. 1999) (endorsing the application of the five-factor test set out in *Cammer* by affirming district court decision).

<sup>24</sup> *Cammer*, 711 F. Supp. at 1285–1287.

<sup>25</sup> *Unger*, 401 F.3d 316 at 323, HN10; *Bell*, 422 F.3d 307 at 313, n10; *Krogman v. Sterritt*, 202 F.R.D. 467, 478 (N.D. Tex. 2001).

Global Select Market under the symbol “FSCT.”<sup>26</sup> The Nasdaq Global Select Market is the highest tier of the broader Nasdaq Stock Market (“NASDAQ”).<sup>27</sup> The NASDAQ is an electronic stock market that displays the bid and ask quotes of market makers through a worldwide network of thousands of computer terminals. NASDAQ investors have access to real-time pricing and continuous trading. In addition, companies that are listed on the NASDAQ must meet certain financial, trading, and corporate governance criteria. The NASDAQ was the listing market for 2,680 and 2,714 public companies in May 2019 and May 2020, respectively.<sup>28</sup> The total market capitalization of all companies listed on the NASDAQ as of May 2020 was \$13.8 trillion,<sup>29</sup> and the median and mean market capitalization of companies listed on the NASDAQ was \$280.0 million and \$5.8 billion, respectively.<sup>30</sup> The Nasdaq Global Select Market has the most stringent initial financial and liquidity listing requirements of the NASDAQ’s three market tier designations:

The Nasdaq Stock Market has three distinctive tiers: The Nasdaq Global Select Market®, The Nasdaq Global Market® and The Nasdaq Capital Market®. Applicants must satisfy certain financial, liquidity and corporate governance requirements to be approved for listing on any of these market tiers. ... [T]he initial financial and liquidity requirements for the Nasdaq Global Select Market are more stringent than those for the Nasdaq Global Market and likewise, the initial listing requirements for the Nasdaq Global Market are more stringent than those for the Nasdaq Capital Market. Corporate governance requirements are the same across all Nasdaq market tiers.<sup>31</sup>

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<sup>26</sup> Forescout Technologies, Inc., SEC Form 10-K for year-end 2019, filed February 28, 2020, pp. 46, 89.

<sup>27</sup> <https://www.nasdaq.com/solutions/nasdaq-stock-market-tiers>.

<sup>28</sup> World Federation of Exchanges, Equity Market Highlights for May 2019 and May 2020, available at <https://statistics.world-exchanges.org/PredefinedReport>.

<sup>29</sup> *Ibid.*

<sup>30</sup> Source: Bloomberg (includes companies whose primary listing of common stock is on the NASDAQ, excluding companies with no data available).

<sup>31</sup> <https://listingcenter.nasdaq.com/assets/initialguide.pdf>.

18. A security's listing on a national securities exchange such as the NASDAQ means that financial information about that company is readily available to investors, at a minimum, through the company's SEC filings, and that investors have access to trading prices and volumes throughout the trading day.<sup>32</sup> Rules of the U.S. National Market System ("NMS") also require that investor orders in NASDAQ-listed securities be filled at the best price that can be executed immediately, even if that price is available in a different market.<sup>33</sup> Because listing on a national securities exchange brings together many thousands (or millions) of investors, trading prices reflect a consensus opinion as to a security's value.

19. As is the case with all NASDAQ-listed equities, Forescout stock also traded on other national securities markets as well as Alternative Trading Systems ("ATS") in the U.S. during the Class Period. SEC Regulation NMS requires all trading centers in the U.S. "to establish, maintain, and enforce written policies and procedures reasonably designed to prevent the

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<sup>32</sup> According to the Consolidated Tape Association's website (<https://www.ctaplan.com/index>):

The Consolidated Tape Association (CTA) oversees the dissemination of real-time trade and quote information in New York Stock Exchange LLC (Network A) and Bats, NYSE Arca, NYSE American and other regional exchange (Network B) listed securities. Since the late 1970s, all SEC-registered exchanges and market centers that trade Network A or Network B securities send their trades and quotes to a central consolidator where the Consolidated Tape System (CTS) and Consolidated Quote System (CQS) data streams are produced and distributed worldwide.

The current Participants include the Cboe BYX Exchange, Inc., Cboe BZX Exchange, Inc., Cboe EDGA Exchange, Inc., Cboe EDGX Exchange, Inc., Cboe Exchange, Inc., Financial Industry Regulatory Authority, Inc., Investors Exchange LLC, Long-Term Stock Exchange, Inc., MEMX LLC, MIAX Pearl, LLC, Nasdaq BX, Inc., Nasdaq ISE, LLC, Nasdaq PHLX LLC, Nasdaq Stock Market LLC, New York Stock Exchange LLC, NYSE American LLC, NYSE Arca, Inc., NYSE Chicago, Inc., and NYSE National, Inc. (collectively, the "Participants").

<sup>33</sup> Bodie, Zvi, Alex Kane and Alan J. Marcus, *Investments*, McGraw-Hill/Irwin, 7th ed., 2008, Ch. 3, pp. 73, 74.

execution of trades at prices inferior to protected quotations displayed by other trading centers.”<sup>34</sup> According to the SEC:

The NMS is premised on promoting fair competition among individual markets, while at the same time assuring that all of these markets are linked together, through facilities and rules, in a unified system that promotes interaction among the orders of buyers and sellers in a particular NMS stock. The NMS thereby incorporates two distinct types of competition – competition among individual markets and competition among individual orders – that together contribute to efficient markets. Vigorous competition among markets promotes more efficient and innovative trading services, while integrated competition among orders promotes more efficient pricing of individual stocks for all types of orders, large and small. Together, they produce markets that offer the greatest benefits for investors and listed companies.<sup>35</sup>

20. The market for securities trading on the NASDAQ is widely recognized as efficient. At least one authority has commented that:

at a minimum, there should be a presumption—probably conditional for class determination—that certain markets are developed and efficient for virtually all the securities traded there: the New York and American Stock Exchanges, the Chicago Board Options Exchange and the NASDAQ National Market System.<sup>36</sup>

Similarly, the court in *Cammer* stated:

some may concur with [Defendant’s] suggestion ... that companies listed on national stock exchanges or companies entitled to issue new securities using SEC Form S-3 would almost by definition involve stocks trading in an “open and developed” market.<sup>37</sup>

21. The fact that Forescout stock was listed and actively traded on a major exchange supports my conclusion that the market for the stock was efficient throughout the Class Period.

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<sup>34</sup> SEC Regulation NMS, Securities Exchange Act Release No. 51808 (Jun. 9, 2005), 70 FR 37496 (Jun. 29, 2005) at 37496.

<sup>35</sup> *Id.*, at 37498–9.

<sup>36</sup> *Cammer*, 711 F. Supp at 1292 (citing Bromberg, Alan R. and Lewis D. Lowenfels, 1988, *Bromberg and Lowenfels on Securities Fraud and Commodities Fraud*, Volume 4, Section 8.6 (“Bromberg”)).

<sup>37</sup> *Cammer*, 711 F. Supp. at 1276–77.

Furthermore, my analyses of the efficiency factors set forth below confirm the attributes of market efficiency that Forescout's listing on the NASDAQ strongly implies.

**A. *Cammer* Factor 1: Weekly Trading Volume**

22. A market for a security is liquid if investors can trade a large number of securities on demand. Liquidity allows investors to buy and sell securities quickly when their assessments about the value of a company have changed, facilitating the prompt price reaction to new, material information that is characteristic of an efficient market. The large weekly trading volume of Forescout stock during the Class Period indicates the presence of a liquid market.

23. According to the *Cammer* decision:

[T]he existence of an actively traded market, as evidenced by a large weekly volume of stock trades, suggests there is an efficient market ... because it implies significant investor interest in the company. Such interest, in turn, implies a likelihood that many investors are executing trades on the basis of newly available or disseminated corporate information.<sup>38</sup>

24. Under *Cammer*, “turnover measured by average weekly trading of 2% or more of the outstanding shares would justify a strong presumption that the market for the security is an efficient one; 1% would justify a substantial presumption.”<sup>39</sup> During the Class Period, the total number of Forescout shares issued and outstanding was between 45.1 million and 49.3 million shares.<sup>40</sup> The average weekly reported trading volume for Forescout shares, excluding weeks not entirely contained within the Class Period, was as follows:<sup>41</sup>

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<sup>38</sup> *Cammer*, 711 F. Supp. at 1286.

<sup>39</sup> *Cammer*, 711 F. Supp. at 1293, quoting *Bromberg*.

<sup>40</sup> Source: Bloomberg.

<sup>41</sup> See Exhibit 4 for a summary of weekly trading volume and shares outstanding.

Forescout Stock	
Average Weekly Trading Volume in Dollars	\$185,251,406
Average Weekly Trading Volume in Shares	5,789,066
Average Weekly Share Trading Volume as a % of Shares Outstanding	12.1%

Thus, the average weekly reported trading volume for Forescout stock was over six times the 2% amount that justifies a “strong presumption” of market efficiency set out by *Cammer*.

25. The high trading volume observed during the Class Period demonstrates an actively traded market for Forescout stock, showing significant investor interest in the Company and implying a likelihood that many investors executed trades on the basis of newly available or disseminated corporate information. These circumstances support my conclusion that Forescout stock traded in an efficient market throughout the Class Period.

#### **B. *Cammer* Factor 2: Number of Securities Analysts**

26. In discussing market efficiency, the *Cammer* decision states:

[I]t would be persuasive to allege a significant number of securities analysts followed and reported on a company’s stock during the class period. The existence of such analysts would imply, for example, the [auditor’s] reports were closely reviewed by investment professionals, who would in turn make buy/sell recommendations to client investors. [] In this way the market price of the stock would be bid up or down to reflect the financial information contained in the [auditor’s] reports, as interpreted by the securities analysts.<sup>42</sup>

27. Securities analysts research and report to investors on the financial condition and prospects of a covered company. Analysts are conduits to the market for information collected from on-site visits, conference calls accompanying key company announcements, and other contacts with senior management. Analysts can channel new information to the market rapidly through their published reports, online reporting services, and alerts given to clients and other

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<sup>42</sup> *Cammer*, 711 F. Supp. at 1286.



employees of the same investment firm. Analysts thus facilitate the dissemination of new information to investors and any corresponding price reaction in a company's securities.

28. During the Class Period, several well-known investment firms followed and published research reports on Forescout that are publicly available from Refinitiv Eikon,<sup>43</sup> including, but not limited to: Berenberg; BofA Global Research; FBN Securities; JPMorgan; Macquarie Research; Morgan Stanley; Needham & Company Inc.; Piper Sandler Companies; Summit Insights Group; and UBS Equities.<sup>44</sup> Over 100 analyst reports pertaining to the Company were issued during the Class Period.<sup>45</sup> According to Bloomberg, Baird; Citi; ISS-EVA; KeyBanc Capital Markets; and Monness Crespi Hardt & Co also followed and issued reports on the Company during the Class Period.<sup>46</sup> In addition, Credit Suisse hosted at least one "fireside chat" presentation with Forescout management during the Class Period.<sup>47</sup>

29. Investors also received information and analyses about Forescout during the Class Period via media coverage, investor conferences, trade magazines, Company presentations and SEC filings. Specifically, articles concerning Forescout appeared in major domestic and international

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<sup>43</sup> Refinitiv Eikon "provide[s] the most comprehensive platform of non-real-time research in the marketplace, with over 30 million research reports from over 1,900 sources, dating back to 1982." (See <https://www.refinitiv.com/en/financial-data/company-data/broker-market-independent-research/aftermarket-research>.)

<sup>44</sup> See Exhibit 5. Exhibit 5B lists research reports on Forescout available from Refinitiv Eikon. These reports are only a subset of all reports pertaining to Forescout published during the Class Period. Other databases, including restricted databases, may carry research reports pertaining to Forescout that are not included in Exhibit 5B. Furthermore, it is my understanding that certain analyst firms do not make all their reports available through historical and/or public databases.

<sup>45</sup> *Ibid.*

<sup>46</sup> See Exhibit 5C, which lists analysts' price targets and rating actions on selected event dates during the Class Period, as reported by Bloomberg.

<sup>47</sup> See, e.g., Thomson Reuters, *StreetEvents*, "ForeScout Technologies Inc at Credit Suisse Technology, Media & Telecom Conference, Event Date/Time: December 02, 2019 / 9:10 PM GMT."

news media, including: *Barron's*; *Bloomberg*; *Business Wire*; *Contify Investment News*; *Dallas Business Journal*; *Dow Jones Newswires*; *GlobeNewswire (U.S.)*; *iCrowdNewswire*; *Israel Business Arena*; *MarketLine*; *News Bites*; *PR Newswire*; *Reuters*; *RTT News (U.S.)*; *Seeking Alpha*; *Silicon Valley/San Jose Business Journal Online*; *The Deal*; *The Fly*; *The Jerusalem Post*; and *The Wall Street Journal*.<sup>48</sup>

30. In addition, Forescout's filings with the SEC were publicly available online during the Class Period at no cost.<sup>49</sup> Forescout's SEC filings during the Class Period included its consolidated quarterly and year-end financial statements, Company press releases, and Company statements.<sup>50</sup> Forescout's financial statements, press releases and SEC filings were also made available on the Company's website.<sup>51</sup>

31. The coverage of Forescout by securities analysts and the amount of public reporting on Forescout during the Class Period indicate that Company-specific news was widely disseminated to investors, thereby facilitating the incorporation of such information into the market price of Forescout stock. Accordingly, this factor supports my conclusion that Forescout stock traded in an efficient market throughout the Class Period.

### **C. *Cammer* Factor 3: Number of Market Makers and the Potential for Arbitrage**

32. The third *Cammer* factor concerns the existence of market makers and arbitrageurs who can react quickly to news and facilitate trading. As discussed below, the fact that trading in Forescout stock was facilitated by numerous market makers, and the fact that investors could

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<sup>48</sup> Sources: Dow Jones' Factiva ([www.factiva.com](http://www.factiva.com)); Bloomberg; internet search.

<sup>49</sup> The SEC's EDGAR website is located at <http://www.sec.gov/edgar.shtml>.

<sup>50</sup> Exhibit 6 includes a list of Forescout's filings with the SEC during the Class Period.

<sup>51</sup> Accessible through the "Internet Archive," at <https://web.archive.org/web/20200513003044/http://investors.forescout.com/>.

have exploited arbitrage opportunities during the Class Period, support a finding of market efficiency.

#### Market Makers

33. Market makers enable investors to trade promptly upon the arrival of new, relevant information, thereby facilitating the incorporation of new information into securities prices. Forescout stock was listed and traded on the NASDAQ. NASDAQ market participants are made up of “market makers, order-entry firms and electronic communications networks (ECNs) that utilize NASDAQ’s trading services.”<sup>52</sup> NASDAQ defines a market maker as a “NASDAQ member firm that buys and sells securities at prices it displays in NASDAQ for its own account (principal trades) and for customer accounts (agency trades).”<sup>53</sup> Market makers help to ensure a liquid market for a particular stock; a market in which willing buyers can readily find willing sellers, and vice versa. A market maker is obligated to “engage in a course of dealings for its own account to assist in the maintenance, insofar as reasonably practicable, of fair and orderly markets.”<sup>54</sup> Market makers in a particular stock stand ready to provide stock price quotations and facilitate trading by purchasing that stock from and selling to investors. They also buy and sell securities and may increase or reduce their inventory when pricing discrepancies exist. Market makers display both buy and sell quotes in all securities in which they choose to make a

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<sup>52</sup> <https://www.nasdaqtrader.com/Trader.aspx?id=MarketMakerProcess>.

<sup>53</sup> *Ibid.*

<sup>54</sup> Nasdaq Rule 4600, Requirements for Nasdaq Market Makers and Other Nasdaq Market Center Participants (available at [https://listingcenter.nasdaq.com/assets/rulebook/nasdaq/rules/new\\_listing\\_rules.pdf](https://listingcenter.nasdaq.com/assets/rulebook/nasdaq/rules/new_listing_rules.pdf)).

market and are subject to disciplinary action if they fail to honor their quoted prices.<sup>55</sup>

Accordingly, market efficiency can be facilitated by market maker involvement.

34. I obtained NASDAQ market maker activity in Forescout stock from Bloomberg. During the Class Period, there were over 100 active market makers that traded Forescout stock (data reported monthly from May 2019 to May 2020, inclusive). In addition, many of the market makers that facilitated trading in Forescout stock handled a sizeable volume of shares.<sup>56</sup> The substantial number of market makers for Forescout stock supports my conclusion that the market for the stock was efficient throughout the Class Period.

#### Arbitrage Activity

35. Related to *Cammer* Factor 3 is the existence of arbitrageurs, sophisticated investors who can act rapidly to take advantage of security pricing discrepancies. Arbitrageurs ensure that market prices reflect public information—the fundamental hallmark of market efficiency.<sup>57</sup> As I demonstrate below, the level of short interest, the degree of institutional ownership and the

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<sup>55</sup> *Ibid.*

<sup>56</sup> See Exhibit 7 for the share volume by market maker for Forescout stock.

<sup>57</sup> Arbitrage has been defined as:

... the process of earning riskless profits by taking advantage of differential pricing for the same physical asset or security. As a widely applied investment tactic, arbitrage typically entails the sale of a security at a relatively high price and the simultaneous purchase of the same security (or its functional equivalent) at a relatively low price.

Arbitrage activity is a critical element of modern, efficient security markets. Because arbitrage profits are by definition riskless, all investors have an incentive to take advantage of them whenever they are discovered. Granted, some investors have greater resources and inclination to engage in arbitrage than others. However, it takes relatively few of these active investors to exploit arbitrage situations and, by their buying and selling actions, eliminate these profit opportunities. (Sharpe, William F., et al., *Investments*, Prentice Hall, 6th ed., 1999, p. 284.)

tightness of bid/ask spreads suggest that arbitrage activity for Forescout's stock was prevalent during the Class Period.

36. One way in which arbitrageurs can exploit mispricing in the market is by engaging in short-sale transactions. A short sale is a transaction in which an investor sells a stock that he or she does not own and then purchases that stock back in the future. If the price declines between the time a security is sold short and the time it is purchased, the short seller realizes a gain. Thus, short selling is an advantageous strategy if an arbitrageur expects a security's price to decline in the future.<sup>58</sup> Furthermore, short sales allow arbitrageurs that currently do not own a security to convey their opinions to the market, thereby helping the market to achieve a consensus as to that security's fair value given all publicly available information.

37. Arbitrageurs were not constrained in their ability to short shares of Forescout stock. During the Class Period the average short interest as a percentage of float for the total U.S. market was 4.1%.<sup>59</sup> Similarly, economist Gene D'Avolio found that short interest was, on average, 2.3% of shares outstanding for companies listed in the U.S. during the period April 2000 to September 2001.<sup>60</sup> D'Avolio also estimated that as much as one-quarter of the U.S. market capitalization was available as loan supply for short-selling and that only 7% of that capacity was utilized, thereby indicating that "[t]he aggregate market is easy to borrow."<sup>61</sup> In

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<sup>58</sup> Berk, Jonathan and Peter DeMarzo, *Corporate Finance*, Pearson Education, Inc., 1st ed., 2007, Ch. 11, p. 339.

<sup>59</sup> Source: Bloomberg. (*See* Exhibit 8A.)

<sup>60</sup> D'Avolio, Gene, 2002, "The market for borrowing stock," *Journal of Financial Economics*, Vol. 66, pp. 271–306.

<sup>61</sup> *Id.*, p. 273.

comparison, the average short interest for Forescout stock during the Class Period was 7.0% of its shares outstanding and 7.3% of its public float.<sup>62, 63</sup>

38. Institutional ownership is another indicator of arbitrage activity because institutional investors, such as pension funds, mutual funds and investment banks, are generally considered to be sophisticated investors that have ready access to minute-to-minute public financial news and to online bulletins from analysts. Relative to most individual investors, institutional investors have significantly greater resources with which to analyze public information pertinent to the securities in which they invest. Institutional ownership implies that investment professionals actively review company-specific financial information and, in turn, make buy/sell recommendations to their firm and/or client investors. In this way, investors bid up or down the market price of a security to reflect all publicly available information, as interpreted by

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<sup>62</sup> See Exhibit 8B for a summary of short interest for Forescout stock during the Class Period. Public float is equal to shares outstanding less insider holdings. A comparison of short interest to public float is relevant as public float represents the shares available to lend for short sales.

<sup>63</sup> FINRA (the Financial Industry Regulatory Authority) was created in July 2007 from the consolidation of the NASD and various regulatory functions of the NYSE. It is a non-governmental organization that regulates member brokerage firms and exchange markets, and is overseen by the SEC, the ultimate regulator of the U.S. securities industry, including FINRA. (See <https://www.finra.org/media-center/news-releases/2007/nasd-and-nyse-member-regulation-combine-form-financial-industry>.) Every firm and broker that sells securities to the public in the United States must be licensed and registered by FINRA. (See <https://www.finra.org/registration-exams-ce/broker-dealers/become-new-finra-registered-broker-dealer-firm>.) Pursuant to FINRA Rule 4560:

member firms are required to report total short positions in all customer and proprietary firm accounts in all equity securities to FINRA on a bi-monthly basis. These filings are made online using the Short Interest reporting system accessible via FINRA Gateway at [firms.finra.org](https://firms.finra.org). ... Member firms that have short positions in OTC equity securities and in securities listed on a national securities exchange, such as NASDAQ, NYSE, NYSE American, NYSE Arca, and/or Cboe BZX, must file a Short Position Report with FINRA via the Web-based system.

(See <https://www.finra.org/filing-reporting/short-interest/regulation-filing-applications-instructions>.)

institutional investors. Moreover, because short sellers often borrow shares from institutions, a high degree of institutional ownership relative to the level of short interest indicates a lack of short-sale constraints, thereby facilitating market efficiency by enabling arbitrageurs to engage in short selling.<sup>64</sup>

39. According to quarter-end holdings data for Forescout provided by Refinitiv Eikon, institutions held over 88% of the Company's shares available to trade, and between 193 and 231 institutional investors held Forescout stock during the Class Period.<sup>65, 66</sup> Additionally, institutional holdings were, on average, more than 12 times the level of short interest in Forescout stock during the Class Period, further indicating that short selling was not constrained.<sup>67</sup>

40. Another indicator of the potential for arbitrage activity to correct market inefficiencies (*i.e.*, arbitrage opportunities) is the size of bid/ask spreads.<sup>68</sup> Bid/ask spreads are a measure of transaction costs and low transaction costs indicate that arbitrage opportunities can be exploited readily. As shown in the following table, during the Class Period, the average and median

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<sup>64</sup> Asquith, Paul, Parag A. Pathak and Jay R. Ritter, 2005, "Short interest, institutional ownership and stock returns," *Journal of Financial Economics*, Vol. 78, pp. 243–76. Asquith, *et al.*, find that "[i]n a typical year, there are 5,500 domestic operating companies trading on the NYSE, Amex, and the Nasdaq National Market System. For these stocks, ... institutional ownership is greater than short sales for 95% of stocks, suggesting that short-sale constraints are not common." (*Id.*, p. 245.)

<sup>65</sup> "Shares available to trade" is equal to shares outstanding plus short interest less insider holdings.

<sup>66</sup> Institutions that file Form 13F with the SEC report shares held as of the end of each calendar quarter. See Exhibit 9A for a summary of institutional holdings for Forescout stock during the Class Period.

<sup>67</sup> The average number of shares held by institutions for the quarters ended during the Class Period was approximately 43.3 million, and the average short interest during the Class Period was approximately 3.3 million.

<sup>68</sup> *Unger*, 401 F.3d 316 at 323, *Krogman*, 202 F.R.D. at 478.

bid/ask spreads on Forescout stock were smaller than those of randomly sampled stocks listed on the Nasdaq Global Select Market.<sup>69</sup>

	Forescout Stock		Nasdaq GS Sample	
	Spread (\$)	Spread (%)	Spread (\$)	Spread (%)
Average:	\$0.02	0.07%	\$0.07	0.28%
Median:	\$0.02	0.05%	\$0.05	0.23%

41. The fact that Forescout's bid/ask spreads were smaller than those of other stocks listed on the Nasdaq Global Select Market supports my conclusion that Forescout's stock traded in an efficient market throughout the Class Period.

#### **D. *Cammer* Factor 4: Eligibility to File SEC Form S-3**

42. The *Cammer* court discussed the relationship between S-3 eligibility and market efficiency, noting that "[t]he issue is not whether [the company] recently completed a public offering, but whether, if it did, it would enjoy the benefit of making abbreviated prospectus disclosure because the SEC viewed it to be in an efficient market where documents 'on file' could be deemed to be known by the investment community."<sup>70</sup>

43. Form S-3 is a simplified registration form that may be used by U.S. companies that meet the following requirements:

- i. it has been subject to the Securities Exchange Act of 1934 reporting requirements for more than one year;
- ii. it has filed all required documents in a timely manner during the prior twelve months;
- iii. it has not, since the last audited statements, failed to pay required dividends or sinking fund installments on preferred stock, or defaulted on debts or material leases; and

<sup>69</sup> The bid/ask spread analysis reported in Exhibit 10 compares the bid/ask spreads of Forescout stock on each day during the Class Period to those of 100 randomly selected stocks listed on the Nasdaq Global Select Market.

<sup>70</sup> *Cammer*, 711 F. Supp. at 1284.



iv. it meets certain minimum stock requirements.<sup>71, 72</sup>

Companies eligible for filing Form S-3 are permitted to incorporate prior filings by reference into current filings and need not repeat such information since it is already widely publicly available.

44. It is the SEC's view that these Form S-3 eligible companies—those that disclose financial information to the SEC and issue press releases to the public—have already disseminated information to the marketplace, and, therefore, that the market operates efficiently for them.<sup>73</sup>

Certain courts have also stated that the ability to file Form S-3 is an indicator of market efficiency:

Corporations permitted to use the S-3 form are thus presumed to be actively traded and widely followed. *See Harman*, 122 F.R.D. at 525. Therefore, a company's ability to file an S-3 Registration Statement points to market efficiency.<sup>74</sup>

45. Forescout did not file any registration statements during the Class Period.<sup>75</sup> However, during the Class Period, Forescout met the definition of a "large accelerated filer" under Rule 12b-2 of the Exchange Act.<sup>76</sup> The SEC's public float and reporting history requirements for an

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<sup>71</sup> <http://www.sec.gov/about/forms/forms-3.pdf>.

<sup>72</sup> Prior to January 28, 2008, the SEC required that a minimum of \$75 million in stock be held by non-affiliates. Effective January 28, 2008, a company with a non-affiliate public float of less than \$75 million is permitted to file Form S-3 with certain restrictions. (*See* Securities and Exchange Commission, 17 CFR Parts 230 and 239 [Release No. 33-8878; File No. S7-10-07], RIN 3235-AJ89, Revisions to the Eligibility Requirements for Primary Securities Offerings on Forms S-3 and F-3.)

<sup>73</sup> SEC Securities Act Release No. 6331 (August 18, 1981), pp. 5, 6.

<sup>74</sup> *Krogman*, 202 F.R.D. at 476.

<sup>75</sup> <https://www.sec.gov/edgar>.

<sup>76</sup> *See, e.g.*, Forescout Technologies, Inc., SEC Form 10-K for year-end 2018, filed March 1, 2019; and Forescout Technologies, Inc., SEC Form 10-K for year-end 2019, filed February 28, 2020.

accelerated filer are virtually identical to the Form S-3 filing requirements.<sup>77</sup> Indeed, according to the SEC:

The public float and reporting history aspects of [the accelerated filer definition] ... are based primarily on the current eligibility requirements for registration of primary offerings for cash on Form S-3. These companies can take advantage of short-form registration, including the resultant benefits of incorporation by reference and quick access to the capital markets through “shelf registration.” Shortening the periodic reporting deadline for these companies, coupled with our conforming revisions to the financial statement timeliness requirements discussed below, promises that investors will receive information about these companies sooner. This enhances the timeliness of information received for primary purchasers in these offerings in addition to secondary market purchasers. These changes also ensure that investors receive consistent financial information regardless of the particular registration form a company uses. In identifying companies that will be subject to this new requirement, we also thought it would be appropriate to use a pre-existing threshold to reduce regulatory complexity.<sup>78</sup>

46. That Forescout: (i) met the SEC’s definition of a large accelerated filer during the Class Period; and (ii) adhered to all of the aforementioned Form S-3 requirements imposed by the SEC

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<sup>77</sup> Exchange Act reporting companies fall into one of the following categories of filers: (i) large accelerated filers; (ii) accelerated filers; or (iii) non-accelerated filers. The category in which a company falls establishes the deadlines for filing its periodic reports. (See <https://www.sec.gov/divisions/corpfin/cffinancialreportingmanual.pdf>, pp. 38–44.) A company’s filing status is assessed at the end of its fiscal year, and the criteria for becoming an accelerated filer are as follows:

- a. It has been subject to the requirements of Section 13(a) or 15(d) of the Exchange Act for a period of at least 12 calendar months;
- b. It has filed at least one annual report under Section 13(a) or 15(d) of the Exchange Act;
- c. It is not eligible to apply the provisions for Smaller Reporting Companies for its annual and quarterly reports; and
- d. The aggregate worldwide market value of its voting and non-voting common equity held by non-affiliates (“public float”) was at least \$75 million, but less than \$700 million, as of the last business day of its most recently completed second fiscal quarter. (*Id.*, pp. 40–41.)

The above criteria are the same for a large accelerated filer except for criterion (d). A company is considered a large accelerated filer if its public float was at least \$700 million as of the last business day of its most recently completed second fiscal quarter. (*Id.*, p. 41.)

<sup>78</sup> SEC Release 33-8128, Section II.B.3.

during the Class Period, supports my conclusion that the market for its stock was efficient during that time.

**E. *Cammer* Factor 5: Empirical Facts Showing a Cause-and-Effect Relationship Between Unexpected Corporate Events or Financial Releases and the Price Reaction of Forescout Stock**

47. *Cammer* Factor 5 relates to how a security’s price reacts to new, material information.

The *Cammer* court stated that:

... one of the most convincing ways to demonstrate [market] efficiency would be to illustrate, over time, a cause and effect relationship between the company disclosures and resulting movements in stock price.<sup>79</sup>

48. A test of market efficiency is to conduct what is known as an “event study” to examine whether security prices respond to new, material information released to the market. Expert economists commonly use an event study in securities litigation to correlate the disclosure of new, material information to security price response.<sup>80</sup> Event studies comprise numerous steps, including: (i) the *a priori* definition and selection of events to study; (ii) identification of a study period; (iii) estimation of a regression model to remove non-company-specific effects from the security’s return; (iv) testing for statistical significance; and (v) interpretation of empirical

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<sup>79</sup> *Cammer*, 711 F. Supp. at 1291.

<sup>80</sup> I note that “[c]ourts have rejected the idea that the fifth *Cammer* factor is necessary to establish market efficiency.” *W. Palm Beach Police Pension Fund v. DFC Glob. Corp.*, 2016 WL 4138613, at \*12 (E.D. Pa. Aug. 4, 2016); *see also Waggoner*, 875 F.3d at 96-98 (“direct evidence of price impact under *Cammer* 5,” such as an event study, “is not always necessary to establish market efficiency and invoke the *Basic* presumption”).

results.<sup>81</sup> Academic research acknowledges that some variation in approaches to event studies is permitted.<sup>82</sup>

49. I performed a standard event study for Forescout stock to determine whether new, material corporate events or financial releases promptly caused a measurable stock price reaction after accounting for contemporaneous market and industry effects. As set forth in Exhibit 12, my event study demonstrates a cause-and-effect relationship between new, material Company-specific disclosures and resulting movements in Forescout's stock price during the Class Period. The regression analyses used in the event study, from which I have estimated Forescout's Company-specific returns (*i.e.*, returns net of market and industry effects), are described in Appendix A and Exhibit 11.<sup>83</sup>

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<sup>81</sup> As described by Mitchell and Netter (1994):

The execution of an event study is quite simple. It involves the identification of an event that causes investors to change their expectations about the value of a firm. The investigator compares a stock price movement contemporaneous with the event to the expected stock price movement if the event had not taken place. There are three basic steps in conducting an event study: (i) define the event window; (ii) calculate abnormal stock price performance around the event; and (iii) test for statistical significance of the abnormal stock price performance.

(See Mitchell, Mark L. and Jeffry M. Netter, 1994, "The Role of Financial Economics in Securities Fraud Cases: Applications at the Securities and Exchange Commission," *The Business Lawyer*, Vol. 49, pp. 557, 558.)

<sup>82</sup> However, "[w]hile there is no unique structure, the analysis can be viewed as having seven steps." Those steps are event definition, selection criteria, normal and abnormal returns, estimation procedure, testing procedure, empirical results, and interpretation and conclusion. (See Campbell, John Y., Andrew W. Lo, and A. Craig MacKinlay, *The Econometrics of Financial Markets*, Princeton University Press, 1997, pp. 150–152.)

<sup>83</sup> My estimated regression equations appear in Exhibit 11A. Exhibit 11B shows Forescout's expected and residual returns estimated from the regression models on each day of the Class Period.

50. To determine which events to include in my analysis, I relied on my knowledge of a large body of event-study literature that has evaluated what types of information affect stock prices.<sup>84</sup> Specifically, I examined dates during the Class Period on which Forescout released quarterly or year-end financial results and/or guidance. Such earnings-related announcements are an objective set of events to examine, which has been shown in the academic finance literature to impact securities' prices.<sup>85</sup> Exhibit 12 describes each of my selected event dates in detail and discusses how the observed Company-specific price reaction in Forescout stock is consistent with that expected in an efficient market.<sup>86</sup>

51. Out of the six events I examined, four (*i.e.*, 67%) are associated with statistically significant Company-specific returns at or above the 95% confidence level (two are statistically significant positive returns, and two are statistically significant negative returns).<sup>87</sup> At the 95% level of confidence, a statistically significant return is expected to occur 5% of the time. Thus, one should expect a random sample of six days to contain 0.3 days with a return that is statistically significant at the 95% confidence level. Given that my sample contains more than 13 times as many statistically significant dates as should be expected from a randomly selected

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<sup>84</sup> See, *e.g.*, Fama, Eugene F., 1991, "Efficient Capital Markets: II," *The Journal of Finance*, Vol. 46, No. 5, pp. 1575–1617.

<sup>85</sup> See, *e.g.*, Ball, R., and P. Brown, 1968, "An Empirical Evaluation of Accounting Income Numbers," *Journal of Accounting Research*, pp. 159–78.

<sup>86</sup> For each event date, Exhibit 12 contains the associated price movement of Forescout stock, both observed and net of market and industry effects, as well as the confidence level for each date.

<sup>87</sup> The statistically significant positive impact dates are: August 8, 2019 (second-quarter 2019 earnings release); and February 6, 2020 (fourth-quarter 2019 earnings release). The statistically significant negative impact dates are: May 10, 2019 (first-quarter 2019 earnings release); and October 10, 2019 (preliminary third-quarter 2019 earnings release).

six-day sample (at or above the 95% confidence level), my analysis confirms that Forescout's stock price typically reacted more strongly on event dates than on non-event dates.<sup>88</sup>

52. Furthermore, although directionality may not be required to show general market efficiency for purposes of a securities class action,<sup>89</sup> my review of the news and analysts' reports demonstrates that the direction of the Company-specific return observed on each event date was consistent with that expected in an efficient market, thereby providing additional evidence of efficiency. Specifically, the event dates on which predominantly *positive* Company-specific news reached the market are associated with statistically significant *positive* returns. The event dates on which predominantly *negative* Company-specific news reached the market are associated with statistically significant *negative* returns. On the event dates associated with a statistically insignificant Company-specific return,<sup>90</sup> the Company's financial results were generally in line with the market's prior expectations, and/or conveyed a mix of offsetting positive and negative information, such that the insignificant price reaction is consistent with that expected in an efficient market. Thus, my event study finds that a strong cause-and-effect

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<sup>88</sup> Moreover, statistical tests commonly used to conduct hypothesis tests for differences between proportions observed in categorical data strongly reject the null hypothesis that event dates and non-event dates are equally likely to be associated with statistically significant Company-specific returns (at or above the 95% confidence level). Specifically, both the "two-sample z-test" and "Fisher's exact test" reject the null hypothesis ( $p$ -value < 0.001) in favor of the alternative that there exists a higher probability of observing statistically significant Company-specific returns (at or above the 95% confidence level) on event dates during the Class Period. (*See, e.g.*, Agresti, Alan, *An Introduction to Categorical Data Analysis*, John Wiley & Sons, Inc., 2nd Ed., 2007, Ch. 2 Contingency Tables, pp. 21–64.)

<sup>89</sup> *See, e.g., In re Petrobras Sec. Litig.*, 862 F.3d 250, 277 (2d Cir. 2017) (stating that district court finding that directionality was not required was "within the range of permissible decisions"); *Wilson v. LSB Indus.*, 2018 U.S. Dist. LEXIS 138832, at \*40 (S.D.N.Y. Aug. 13, 2018) (lack of directionality analysis did not impair usefulness of market efficiency report).

<sup>90</sup> The statistically insignificant impact dates are: November 7, 2019 (third-quarter 2019 earnings release); and May 12, 2020 (first-quarter 2020 earnings release).

relationship existed between the information disclosed on the event dates and resulting stock price movements.

53. Based on the event study performed, I find that Forescout's stock price reflected the information disclosed to the market, and promptly responded to the disclosure of new, material, unexpected information, thereby supporting my conclusion that the market for Forescout stock was efficient throughout the Class Period.

#### **F. Additional Factor 1: Market Capitalization**

54. Courts have found that a large market capitalization (*i.e.*, the total value of a company's equity) is an indicator of market efficiency because "there is a greater incentive for stock purchasers to invest in more highly capitalized corporations."<sup>91</sup> I have discussed above the fact that Forescout stock exhibited a high degree of institutional ownership and the Company was widely followed by analysts. This is consistent with Forescout's sizeable market capitalization. During the Class Period, the Company's market capitalization was as high as \$1.95 billion in May 2019.<sup>92</sup>

55. By comparison, the median market capitalization of the 2,498 companies listed on the NASDAQ was \$357.2 million at the start of the Class Period, while the median market capitalization of the 1,144 companies listed on the NYSE was approximately \$3.68 billion. As of May 9, 2019 (*i.e.*, the start of the Class Period), Forescout's market capitalization was greater than 78.7% and 35.0% of NASDAQ-listed and NYSE-listed stocks, respectively. Accordingly, Forescout's high market capitalization during the Class Period weighs in favor of a finding of market efficiency.

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<sup>91</sup> *Krogman*, 202 F.R.D. at 478.

<sup>92</sup> *See* Exhibit 13.

### **G. Additional Factor 2: Bid/Ask Spread**

56. The *Krogman* court described bid-ask spreads as “the difference between the price at which investors are willing to buy the stock and the price at which current stockholders are willing to sell their shares,” finding that “a large bid-ask spread is indicative of an inefficient market, because it suggests that the stock is too expensive to trade.”<sup>93</sup> As discussed above, the average and median bid/ask spreads on Forescout stock during the Class Period were smaller than those of randomly sampled stocks listed on the Nasdaq Global Select Market, thereby supporting my conclusion that Forescout stock traded in an efficient market throughout the Class Period.<sup>94</sup>

### **H. Additional Factor 3: Public Float**

57. Courts have held that a large public float percentage (*i.e.*, the percentage of a security outstanding held by the public rather than insiders) may be an indicator of market efficiency.<sup>95</sup> During the Class Period, there was an average of approximately 46.9 million Forescout shares outstanding, while insiders held approximately 2.3 million of those shares. Accordingly, the public float of Forescout stock was, on average, 95.2% of shares outstanding during the Class Period. In comparison, Ding, Ni, and Zhong (2016) estimate that the average public float of stocks listed in the United States from 2003 to 2011 was 91.7%.<sup>96</sup> Moreover, on a dollar basis, the public float of Forescout stock was as high as \$1.67 billion in September 2019.<sup>97</sup> The fact

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<sup>93</sup> *Krogman*, 202 F.R.D. at 478. *See also*, *Unger*, 401 F.3d 316 at 323.

<sup>94</sup> *Supra* at ¶40.

<sup>95</sup> *Unger*, 401 F.3d at 323; *Bell*, 422 F.3d at 313 n.10; *Krogman*, 202 F.R.D. at 478.

<sup>96</sup> Ding, Xiaoya (Sara), Yang Ni, and Ligang Zhong, 2016, “Free float and market liquidity around the world,” *Journal of Empirical Finance*, Vol. 38, pp. 236–257 (“Ding, Ni, and Zhong (2016)”) at p. 242.

<sup>97</sup> *See* Exhibit 14 containing Forescout’s mid-month and end-of-month public float during the Class Period.



that Forescout had a large public float percentage further supports my conclusion that the Company's stock traded in an efficient market throughout the Class Period.

**VII. Damages Can Be Measured on a Class-Wide Basis and in a Manner Consistent with Lead Plaintiffs' Theory of Liability**

58. I have not, as of yet, been asked to provide an opinion on loss causation or to calculate Class-wide damages in this matter. I have been asked, however, to opine on whether damages under Section 10(b) can be calculated on a Class-wide basis for all purchases and/or acquisitions of Forescout stock during the Class Period in a manner consistent with Lead Plaintiffs' theory of liability. In what follows, I set forth the general economic framework for quantifying per-security damages on a Class-wide basis, which reflects methodologies I would propose to use if asked to calculate damages in this matter. Although damages, if any, for each individual Class member may vary, the methodologies for calculating damages described below would be commonly applicable to each Class member in this matter.

59. An investor incurs damages when a security is acquired at a price that is inflated as a result of false or misleading statements or omissions, provided that a later corrective disclosure and/or the materialization of a concealed risk causes the price of that security to decline.<sup>98</sup> Price inflation in a security can be created by material misrepresentations and/or omissions on or before the date of purchase, which remain uncorrected in whole or in part at the time of purchase. Material misrepresentations and/or omissions may also "prevent[] preexisting inflation in a stock price from dissipating," thereby "caus[ing] inflation not simply by *adding* it

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<sup>98</sup> See, e.g., Gold, Kevin L., Eric Korman and Ahmer Nabi, "Federal Securities Acts and Areas of Expert Analysis," *Litigation Services Handbook, The Role of the Financial Expert*, 6th ed., Ed. Roman L. Weil, Daniel G. Lentz, and Elizabeth A. Evans, John Wiley & Sons, Inc., 2017, Ch. 27, pp. 12–17.

to a stock, but by maintaining it.”<sup>99</sup> Damages for purchases during the Class Period may be mitigated if the security is sold before the price inflation is fully dissipated, given that the investor receives the benefit of any inflation remaining at the date of sale.<sup>100</sup>

60. Price inflation may be measured on a Class-wide basis by analyzing the change in a security’s price caused by a corrective disclosure and/or the materialization of a concealed risk.<sup>101</sup> Specifically, an event study can be used to isolate Company-specific price movement caused by the revelation of true facts related to the alleged fraud from price movement caused by other factors. Other factors can include changes in market and industry conditions or the dissemination of material, non-fraud-related, Company-specific information. This event study analysis applies to all Class members, regardless of the extent to which the price movement is due to corrective disclosures and/or the materialization of a concealed risk. After isolating the price impact of the alleged misstatements and omissions, one can estimate the price inflation due to the alleged fraud for each day during the Class Period, and on a Class-wide basis for each

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<sup>99</sup> *In re Vivendi, S.A. Sec. Litig.*, 838 F.3d 223, 258 (2d Cir. 2016) (emphasis in original). Courts have further explained that “[t]here is no reason to draw any legal distinction between fraudulent statements that wrongfully prolong the presence of inflation in a stock price and fraudulent statements that initially introduce that inflation.” *Arkansas Teacher Ret. Sys. v. Goldman Sachs Grp., Inc.*, ---F.3d---, 2020 WL 1682772, at \*10 (2d Cir. Apr. 7, 2020) (quoting *In re Vivendi, S.A. Sec. Litig.*, 838 F.3d at 259).

<sup>100</sup> This general economic framework for calculating recoverable damages for a class of shareholders is often referred to as the “out-of-pocket measure of damages.” (*Supra* note 98.)

<sup>101</sup> *Supra* note 98.

member of the Class.<sup>102, 103</sup> Indeed, this “out-of-pocket, or event study, method is the standard measurement of damages in Section 10(b) securities cases.”<sup>104, 105</sup>

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<sup>102</sup> “Price impact can be shown either by an increase in price following a fraudulent public statement or a decrease in price following a revelation of the fraud.” *Erica P. John Fund, Inc. v. Halliburton Co.*, 718 F.3d 423, 434 (5th Cir. 2013), *vacated and remanded on other grounds*, *Halliburton II*, 134 S. Ct. 2398 (U.S. 2014).

<sup>103</sup> *In re Pfizer, Inc. Sec. Litig.*, 819 F.3d 642, 649 (2d Cir. 2016) (internal citations omitted, emphasis in original):

Performing an event study can thus help an expert to determine at least two things. First, assuming that the defendant company fraudulently concealed information, the event study shows how much money the fraud caused shareholders to lose. Identifying residual returns on days when allegedly concealed information reached the market indicates that the supposedly withheld information caused the company’s stock price to change. If the release of allegedly withheld information causes a stock price decrease, shareholders who purchased the defendant company’s stock after the alleged fraud but before the revelation may have paid a higher price than they would have but for the defendant’s fraudulent conduct — known as an “artificial[ly] inflat[ed]” price.

Second, the event study helps the expert “calculat[e] what the price of [the defendant company’s] security would have been had the alleged wrongful conduct not occurred,” by estimating the amount of artificial inflation in the company’s stock price over time. Just as the existence of a residual return on a day when the market discovers allegedly concealed information shows that the company’s stock price was artificially inflated, the *size* of the residual return on such a day provides evidence of the *amount* by which concealing that particular information inflated the defendant company’s stock. As a result, if concealed information reached the market through multiple corrective disclosures, the sum of the residual returns associated with those disclosures provides evidence about the amount of artificial inflation in the company’s stock after the fraud but before those corrections. Thus, an expert using an event study can estimate the amount of artificial inflation in the defendant company’s stock price when shareholders purchased their shares, which is equivalent to estimating the difference between what those investors should have paid for the shares but-for the alleged fraud, and what they actually paid.

<sup>104</sup> *City of Miami Gen. Empls. Ret. Trust v. RH, Inc.*, No. 17-CV-00554-YGR, 2018 WL 4931543, at \*3 (N.D. Cal. Oct. 11, 2018). *See also, e.g., Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128, 155 (1972) (out-of-pocket method is “the correct measure of damages” in Exchange Act case); *Hatamian v. Advanced Micro Devices, Inc.*, No. 14-CV-00226-YGR, 2016 WL 1042502, at \*8 (N.D. Cal. Mar. 16, 2016); *In re SanDisk LLC Sec. Litig.*, No. 15-CV-01455-VC, 2018 WL 4293336, at \*2 (N.D. Cal. Sept. 4, 2018) (“The out-of-pocket method is widely considered an accepted method for the evaluation of materiality damages to a class of

61. With respect to Lead Plaintiffs’ theory of liability in the present matter, my understanding is that: (i) “Defendants [allegedly] engaged in a plan, scheme, conspiracy and course of conduct” to “deceive the investing public”;<sup>106</sup> (ii) “[a]s a result of the dissemination of the [alleged] false and misleading statements, the market price of Forescout common stock was artificially inflated throughout the Class Period;”<sup>107</sup> and (iii) “Class members suffered damages in connection with their respective purchases of the Company’s common stock during the Class Period when the risk of Defendants’ wrongdoing materialized or upon the disclosure thereof, causing the price of Forescout common stock to decline.”<sup>108</sup> Thus, Lead Plaintiffs clearly advance a theory of liability that alleges a causal connection between the alleged misrepresentations and the actual losses suffered by Class members upon the revelation of the relevant truth on the corrective

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stockholders in a defendant corporation.”); *In re Pfizer, Inc. Sec. Litig.*, 819 F.3d 642, 649 (2d Cir. 2016).

<sup>105</sup> The out-of-pocket damages methodology described herein is precisely the same damages methodology that I put forth at the class certification phase in *Waggoner v. Barclays PLC*, which was endorsed by the Second Circuit. (See *Waggoner v. Barclays PLC*, 875 F.3d 79, 105 (2d Cir. 2017). See also the following cases in which the court accepted my damages methodology at class certification: *Ferris v. Wynn Resorts Limited*, No. 18-cv-00479-APG-DJA, 2023 U.S. Dist. LEXIS 35374, at \*35–38 (D. Nev. Mar. 1, 2023); *In re Allergan PLC Sec. Litig.*, No. 18-cv-12089-CM-GWG, 2021 WL 4077942, at \*14–15 (S.D.N.Y. Sep. 8, 2021); *Karinski v. Stamps.com, Inc.*, No. 19-cv-01828-MWF-SK, 2020 WL 6572660, at \*8 (C.D. Cal. Nov. 9, 2020); *In re Zillow Group, Inc. Securities Litigation*, No. 17-cv-01387-JCC, 2020 WL 6318692, at \*8 (W.D. Wash. Oct. 28, 2020); *In re Snap Inc. Securities Litigation*, 334 F.R.D. 209, 216–18 (C.D. Cal. Nov. 20, 2019); *Roofer’s Pension Fund, et al. v. Papa, et al.*, 333 F.R.D. 66, 87–88 (D.N.J. Nov. 14, 2019); *Pirnik v. Fiat Chrysler Autos., N.V.*, 327 F.R.D. 38, 47–48 (S.D.N.Y. Jun. 15, 2018); *In re Banc of California Sec. Litig.*, 326 F.R.D. 640, 651 (C.D. Cal. May 31, 2018); *Cooper v. Thoratec Corp.*, No. 14-cv-00360-CW, 2018 WL 2117337, at \*7 (N.D. Cal. May 8, 2018); *Hayes v. MagnaChip Semiconductor Corp.*, No. 14-cv-01160-JST, 2016 WL 7406418, at \*9 (N.D. Cal. Dec. 22, 2016); and *Thorpe v. Walter Investment Management Corp., et al.*, No. 14-cv-20880-UU, 2016 WL 4006661, \*15–16 (S.D. Fla. Mar. 16, 2016).

<sup>106</sup> Complaint, ¶169.

<sup>107</sup> Complaint, ¶172.

<sup>108</sup> Complaint, ¶176.

event dates. Furthermore, given that an “event study shows how much money the fraud caused shareholders to lose,” by “[i]dentifying residual returns on days when allegedly concealed information reached the market,” and calculates “‘what the price of [the defendant company’s] security would have been had the alleged wrongful conduct not occurred,’ by estimating the amount of artificial inflation in the company’s stock price over time,”<sup>109</sup> it is clear that “this is a case in which the Plaintiffs’ ‘proposed measure for damages is ... directly linked with their underlying theory of classwide liability ... and is therefore in accord with the Supreme Court’s ... decision in *Comcast*.’ *U.S. Foodservice*, 729 F.3d at 123 n.8.”<sup>110</sup>

62. Once the daily levels of price inflation have been calculated throughout the Class Period, a Class member’s actual trading activity in the security can be used to mechanically calculate damages on an individual basis. For each Class member, damages incurred on a security acquired during the Class Period and retained through the end of the Class Period are equal to the amount of inflation at purchase. For a security acquired during the Class Period and sold later in the Class Period, damages are the price inflation at purchase minus the price inflation at sale. Given my understanding of the Supreme Court’s ruling in *Dura*,<sup>111</sup> a security purchased during the Class Period and sold before the first corrective disclosure and/or the materialization of a concealed risk is ineligible for damages. Similarly, a security that is both purchased and sold between two consecutive corrective events is ineligible for damages.

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<sup>109</sup> *Pfizer*, 819 F.3d at 649.

<sup>110</sup> *Waggoner*, 875 F.3d at 106. See also *Roofer’s Pension Fund*, 333 F.R.D. at 88 (citing *Neale v. Volvo Cars of North Am., LLC*, 794 F.3d 353, 374 (3d Cir. 2015)).

<sup>111</sup> *Dura Pharms., Inc. v. Broudo*, 544 U.S. 336 (2005) (“*Dura*”).

63. Finally, per-security damages should also incorporate the so-called “90-day lookback” provision of the Private Securities Litigation Reform Act of 1995,<sup>112</sup> which also can be applied on a Class-wide basis. This provision applies such that losses on securities purchased during the Class Period and held as of the close of the 90-day period subsequent to the Class Period (the “90-Day Lookback Period”) cannot exceed the difference between the purchase price paid for the security and the average price of the security during the 90-Day Lookback Period. Losses on securities purchased during the Class Period and sold during the 90-Day Lookback Period cannot exceed the difference between the purchase price paid for the security and the rolling average price of the security during the portion of the 90-Day Lookback Period elapsed as of the date of sale. Section 10(b) damages incurred by purchasers of Forescout stock during the Class Period can be calculated on a Class-wide basis in this manner.

#### **VIII. Conclusion**

64. In summary, the market for Forescout stock was efficient throughout the Class Period. In addition, damages can be calculated for investors who purchased or otherwise acquired Forescout stock during the Class Period using a method that is common to the Class and in a manner consistent with Lead Plaintiffs’ theory of liability.

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<sup>112</sup> 15 U.S.C. § 78u-4(e).

65. My work in this matter is ongoing. My opinions in this Report are subject to refinement or revision based on analysis of new information which may be provided to me, including the opinions of other experts, receipt of additional documents and data, and based on further analysis of the data and materials described herein. I understand that discovery is ongoing. Should additional relevant information be provided to me, my opinions may be supplemented at a later date.

Executed on October 27, 2023, at Redwood City, California.

A handwritten signature in blue ink, appearing to read 'Zachary Nye', is written over a horizontal line.

Zachary Nye, Ph.D.

## Appendix A: Description of Regression Analyses

66. For the purpose of examining market efficiency, I have conducted an event study to determine whether new, material, Company-specific information promptly caused a measurable stock price reaction after accounting for contemporaneous market and industry effects. In an effort to isolate Company-specific effects that influenced Forescout's stock price during the Class Period, I performed regression analyses to measure the relationship between Forescout stock returns and 1) changes in market-wide factors that would be expected to impact all stocks; and 2) changes in industry-wide factors that would be expected to impact stocks in the "Infrastructure Software" industry. By measuring how Forescout stock returns move in relation to an overall market index and an industry index, I can also measure how it responds to Company-specific news.

67. For each event date prior to and including February 6, 2020 (*i.e.*, the day the Company announced that it would be acquired by Advent),<sup>113</sup> the "Control Period" used to estimate the regression equation is the calendar year immediately preceding the impact date (*i.e.*, the first trading day on which the information disclosed could have impacted the market price).<sup>114, 115</sup> For

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<sup>113</sup> *Supra*, ¶9.

<sup>114</sup> Mitchell, Mark L. and Jeffry M. Netter, 1994, "The Role of Financial Economics in Securities Fraud Cases: Applications at the Securities and Exchange Commission," *The Business Lawyer*, Vol. 49, pp. 545–90 at p. 568:

The market model is estimated with regression analysis. The estimation period for this market model equation typically ranges from 100 to 300 trading days preceding the event under study.

<sup>115</sup> MacKinlay, A. Craig, 1997, "Event Studies in Economics and Finance," *Journal of Economic Literature*, Vol. 35, pp. 13–39 at p. 15:

Appraisal of the event's impact requires a measure of the abnormal return. The abnormal return is the actual ex post return of the security over the event window minus the normal return of the firm over the event window. The normal return is defined as the expected return without conditioning on the event taking place.



event dates after February 6, 2020, given that, following a takeover announcement, a target company's "share price is determined largely by the market's assessment of the likelihood of success of the takeover bid,"<sup>116</sup> the Control Period used is February 7, 2020 through May 15, 2020 (*i.e.*, the end of the Class Period), both dates inclusive.<sup>117</sup> To be consistent with the academic literature, each of my Control Periods excludes the events under study.<sup>118, 119</sup>

68. The market index used is the S&P 500, which "includes 500 leading companies and covers approximately 80% coverage of available market capitalization."<sup>120</sup> This broad-based market index is commonly used by economists as a representation of the overall market, which is theoretically required by the Capital Asset Pricing Model ("CAPM"), for which famed financial economist, William Sharpe, won a Nobel Prize.<sup>121</sup>

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<sup>116</sup> Hutson, Elaine, and Colm Kearney, 2001, "Volatility in stocks subject to takeover bids: Australian evidence using daily data," *Journal of Empirical Finance*, Vol. 8, pp. 273–296 at 294.

<sup>117</sup> According to Hutson and Kearney (2001), "firms subject to takeover bids experience substantial revaluation ... in terms of a post-announcement change in the price formation process." Specifically, there is a "strong tendency for the conditional price volatility of target stocks to decline after the announcement of the takeover bid," which "reflects a convergence of trader opinion regarding target stock value" as the "implied probability of success drifts upward during the course of the offer period, to converge with the offer price by the conclusion of the period." Thus, following a takeover announcement, "the target share price is determined by three factors: the offer price, the probability of the bid's success, and the expected post-takeover price if it fails." (*See id.* at pp. 274, 276.)

<sup>118</sup> *See* Exhibit 12 for a list of all the events under study.

<sup>119</sup> *See, e.g.*, MacKinlay, A. Craig, 1997, "Event Studies in Economics and Finance," *Journal of Economic Literature*, Vol. 35, pp. 13–39 at p. 15; and Campbell, John Y., Andrew W. Lo, and A. Craig MacKinlay, *The Econometrics of Financial Markets*, Princeton University Press, 1997, p. 152.

<sup>120</sup> <http://www.spindices.com/indices/equity/sp-500>.

<sup>121</sup> The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel 1990, Press Release, [http://www.nobelprize.org/nobel\\_prizes/economic-sciences/laureates/1990/press.html](http://www.nobelprize.org/nobel_prizes/economic-sciences/laureates/1990/press.html):

An important result is that the expected return on an asset is determined by the beta coefficient on the asset, which also measures the covariance between the return on the asset and the return on the market portfolio. ...The CAPM is

69. In addition to market-wide factors, my regression analyses also measure the relationship between Forescout stock returns and changes in industry-wide factors that would be expected to impact all stocks in Forescout's particular industry. In constructing the industry index, I considered: (i) companies identified as industry competitors in analyst reports published during the Class Period; (ii) companies identified by the Bloomberg Industry Classification System (BICS) as operating in the "Infrastructure Software" industry; and (iii) companies identified as peers in Forescout's SEC filings issued during the Class Period. The industry index used in this analysis is comprised of an equally-weighted portfolio of the Company's "Security Peers," as identified by Forescout in its SEC filings.<sup>122</sup>

70. My estimated regression equations appear in Exhibit 11A. As indicated by the *t*-statistics corresponding to each index, Forescout stock returns exhibited a statistically significant association with both market index returns and residual industry index returns during the Class Period.<sup>123</sup> Exhibit 11B shows Forescout's expected (*i.e.*, "predicted") and residual (*i.e.*, "Company-specific") returns estimated from the regression models on each day of the Class Period. Expected returns are those changes in stock prices due to market and industry factors that change the values of all stocks in an economy (market effects) or in a particular industry

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considered the backbone of modern price theory for financial markets. It is also widely used in empirical analysis, so that the abundance of financial statistical data can be utilized systematically and efficiently. ...Along with Markowitz' portfolio model, the CAPM has also become the framework in textbooks on financial economics throughout the world.

<sup>122</sup> See Forescout Technologies, Inc., SEC Form DEFM14A, filed March 24, 2020, p. 54.

<sup>123</sup> Residual industry index returns are the portions of daily returns on the industry index which are not explained by market effects, as determined from a regression of industry index returns on market index returns during the Control Period. The use of residual industry index returns rather than raw returns eliminates any statistical problems due to multicollinearity. (See Greene, William H., *Econometric Analysis*, Prentice Hall, 2012, 7th ed., Ch. 4, p. 89.)

(industry effects). Forescout's residual returns are a measure of the change in the stock price due to Company-specific events and are calculated as the difference between Forescout's actual return and its expected return.<sup>124</sup>

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<sup>124</sup> Exhibit 11B also provides the confidence level for each day of the Class Period, which measures the statistical significance of Forescout's residual returns. The confidence level associated with a given Company-specific return is measured as one minus the " $p$ -value" of that return, where the  $p$ -value represents the conditional probability of observing a Company-specific return. Thus, consistent with the standard frequently employed by social scientists, statistical significance in the context of securities litigation merely indicates that a given company-specific return is a relatively rare occurrence. (See Kaye, David H. and David A. Freedman, "Reference Guide on Statistics," in Federal Judicial Center, *Reference Manual on Scientific Evidence*, National Academies Press, 2011, 3rd ed., pp. 250–252: "Statistical significance is determined by comparing a  $p$  [*i.e.*, the probability of getting data as extreme as, or more extreme than, the actual data—given that the null hypothesis is true] to a preset value, called the significance level." Thus, statistical significance "is merely a label for a certain kind of  $p$ -value.")



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**Education**

**Ph.D. – University of California, Irvine**

Finance

2009

Irvine, California

- Dissertation: Macro-Augmented Volatility Forecasting.
- Research Interests: Market efficiency of underlying and derivative securities, volatility forecasting, risk management, financial econometrics, valuation and corporate finance.
- Teaching Experience: Corporate Finance, Investments, and Risk Management.

**M.Sc. – London Business School**

Finance

2004

London, England

- Earned distinction for Masters Thesis on the informational efficiency of credit-linked notes.

**A.B. – Princeton University**

Economics

2001

Princeton, New Jersey

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**Employment History**

**Vice President**

Stanford Consulting Group, Inc.

Summer 2015 – present  
Redwood City, California

The Stanford Consulting Group, Inc. provides economic research and expert testimony for business litigation, as well as regulatory and legislative proceedings.

Responsibilities include:

- quantifying economic damages (e.g., present value of expected future earnings, price inflation, lost profits, unjust enrichment, reasonable royalties);
- enterprise, project, equity, debt, derivative-security and intellectual-property valuation;
- assessing the informational efficiency of financial securities;
- analyzing fairness opinions related to corporate mergers and acquisitions;
- econometric modeling and analysis;
- marginal cost analysis;
- preparing expert reports and declarations;
- providing deposition and trial testimony; and
- supporting counsel in preparation for cross examination of opposing experts.

**Senior Consultant**

Stanford Consulting Group, Inc.

Summer 2009 – Summer 2015  
Redwood City, California

**Associate**  
Stanford Consulting Group, Inc.

Summer 2004 – Summer 2005  
Redwood City, California

**Mortgage Consultant**  
Woolwich PLC

Fall 2002 – Summer 2003  
Oxford, UK

**Trading Desk Specialist**  
Merrill Lynch, Defined Asset Funds

Fall 2001 – Summer 2002  
Plainsboro, New Jersey

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### Academic Research

Nye, Zachary and Mark Washburn, 2013, “Macro-Augmented Volatility Forecasting,” *Western Decision Sciences Institute Proceedings*. Paper presented at the WDSI Annual Meeting, Long Beach, California, March 27, 2013. Winner of the 2013 Best Theoretical/Empirical Research Paper Awards.

Nye, Zachary and Philippe Jorion, 2009, “Macro-Augmented Volatility Forecasting,” Working Paper, University of California at Irvine.

Nye, Zachary and Timothy C. Johnson, 2005, “Market Efficiency's Hidden Teeth: An Unambiguous Test for Derivative Securities,” Working Paper, London Business School.

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### Testimony

Miriam Edwards, et al. v. McDermott International, Inc., et al., United States District Court, Southern District of Texas, Houston Division, Case No. 4:18-cv-04330

Deposition April 26, 2023  
Evidentiary Hearing September 27, 2023

Halman Aldubi Provident and Pension Funds Ltd., et al. v. Teva Pharmaceuticals Industries Limited, et al., United States District Court, Eastern District of Pennsylvania, Case No. 2:20-cv-04660-KSM

Deposition November 4, 2022  
Evidentiary Hearing September 21, 2023

John V. Ferris, et al. v. Wynn Resorts Limited, et al., United States District Court, District of Nevada, Case No. 2:18-cv-00479-GMN-DJA

Deposition August 26, 2022  
Deposition January 31, 2023

In re Jernigan Capital, Inc. Securities Litigation, United States District Court, Southern District of New York, Case No. 1:20-cv-09575-JLR

Deposition January 27, 2023

Ali Karimi, et al. v. Deutsche Bank AG, et al., United States District Court, Southern District of New York, Case No. 1:22-cv-02854-JSR

Deposition August 12, 2022

Teresa Daskocz, et al. v. ALS Lien Services, et al., Superior Court of California, County of Contra Costa, Case No. C17-01486

Deposition April 23, 2018  
Deposition March 8, 2022  
Deposition April 14, 2022  
Trial April 29, 2022

Paul Hayden, et al. v. Portola Pharmaceuticals, Inc., et al., United States District Court, Northern District of California, Case No. 3:20-cv-00367-VC  
Deposition March 30, 2022

United States of America ex rel. Lori Morsell, et al. v. Symantec Corporation, United States District Court for the District of Columbia, Civil Action No. 12-cv-0800 (RC)  
Deposition March 13, 2019  
Trial March 22, 2022

United States of America ex rel. Tiffany Montcrieff, et al. v. Peripheral Vascular Associates, P.A., United States District Court for the Western District of Texas, San Antonio Division, Civil Action No. SA-17-CV-00317-XR  
Deposition July 31, 2020  
Trial February 14, 2022

In re Advance Auto Parts, Inc. Securities Litigation, United States District Court, District of Delaware, Case No. 1:18-CV-00212-RGA  
Deposition July 14, 2020  
Deposition September 30, 2021

In re Allergan PLC Securities Litigation, United States District Court, Southern District of New York, Civil Action No. 18-CV-12089-CM  
Deposition May 19, 2020  
Deposition September 27, 2021

Gabby Klein, et al. v. Altria Group, Inc., et al., United States District Court, Eastern District of Virginia, Richmond Division, Case No. 3:20-cv-00075-DJN  
Deposition August 31, 2021

In re Tahoe Resources, Inc. Securities Litigation, United States District Court, District of Nevada, Case No. 2:17-cv-01868-RFB-NJK  
Deposition August 4, 2021

Hawaii Structural Ironworkers Pension Trust Fund, et al. v. AMC Entertainment Holdings, Inc., et al., United States District Court, Southern District of New York, Case 1:18-cv-00299-AJN-SLC  
Deposition July 9, 2020  
Deposition July 28, 2021

In re Mylan N.V. Securities Litigation, United States District Court, Southern District of New York, Case No. 1:16-CV-07926 (JPO)  
Deposition November 22, 2019  
Deposition July 20, 2021

Oregon Laborers Employers Pension Trust Fund, et al. v. Maxar Technologies Inc., et al., United States District Court, District of Colorado, Case No. 1:19-cv-00124-WJM-SKC  
Deposition May 28, 2021

Roei Azar, et al. v. Yelp, Inc., et al., United States District Court, Northern District of California, Case No. 3:18-cv-00400-EMC  
Deposition March 2, 2021

Roofers' Pension Fund, et al. v. Joseph C. Papa, et al., United States District Court, District of New Jersey, Civil Action No. 2:16-cv-02805-MCA-LDW  
Deposition April 2, 2019  
Deposition January 14, 2021

Utah Retirement Systems, et al. v. Healthcare Services Group, Inc., et al., United States District Court, Eastern District of Pennsylvania, Case No. 2:19-cv-01227-ER  
Deposition December 10, 2020

Matt Karinski, et al. v. Stamps.com, Inc., et al., United States District Court, Central District of California, Case No. 2:19-cv-01828-MWF-SK  
Deposition August 14, 2020

Alexandre Pelletier, et al. v. Endo International PLC, et al., United States District Court, Eastern District of New York, Civil Action No. 2:17-cv-05114-MMB  
Deposition July 27, 2020

In re Zillow Group, Inc. Securities Litigation, United States District Court, Western District of Washington at Seattle, Case No. 2:17-cv-01387-JCC  
Deposition March 10, 2020

Joseph Prause, et al. v. TechnipFMC plc, et al., United States District Court, Southern District of Texas, Houston Division, Case No. 4:17-cv-02368  
Deposition February 5, 2020  
Deposition March 9, 2020

In re Quorum Health Securities Litigation, United States District Court, Middle District of Tennessee, Case No. 3:16-cv-02475  
Deposition August 17, 2018  
Deposition January 14, 2020

In re Snap Inc. Securities Litigation, United States District Court, Central District of California, Western Division, Case No. 2:17-cv-03679-SVW-AGR  
Deposition December 13, 2019

Jet Capital Master Fund, L.P., et al. v. American Realty Capital Properties, Inc., et al., United States District Court, Southern District of New York, Case No. 1:15-cv-00307-AKH  
Deposition July 26, 2019

City of Pontiac General Employees' Retirement System, et al. v. Dell Inc., et al., United States District Court, Western District of Texas, Austin Division, Case No. 1:15-cv-00374-LY  
Deposition April 19, 2017  
Deposition November 6, 2018

Pirnik v. Fiat Chrysler Automobiles N.V., et al., United States District Court, Southern District of New York, Case No. 1:15-CV-07199-JMF  
Deposition February 2, 2018  
Deposition September 13, 2018

Bradley Cooper, et al. v. Thoratec Corporation, et al., United States District Court, Northern District of California, Oakland Division, Case No. 4:14-cv-00360-CW  
Deposition March 6, 2018

L-3 Communications Corporation, et al. v. Serco, Inc., United States District Court for the Eastern District of Virginia, Case No. 1:15-cv-701-GBL-JFA  
Deposition October 22, 2015  
Deposition October 18, 2017

In re Juno Therapeutics, Inc., United States District Court of Western District of Washington at Seattle, Case No. C16-1069RSM  
Deposition October 4, 2017

Brad Mauss, et al. v. NuVasive, Inc., et al., United States District Court, Southern District of California, Case No.: 13-cv-02005-JM

Deposition December 20, 2016

Deposition August 28, 2017

In re Akorn, Inc. Securities Litigation, United States District Court, Northern District of Illinois, Eastern Division, Case No. 15-CV-01944

Deposition June 21, 2017

In re Ocwen Financial Corporation Securities Litigation, United States District Court, Southern District of Florida, Case 14-81057-CIV-WPD

Deposition September 23, 2016

Deposition March 28, 2017

Stephen Calfo, et al. v. John P. Messina, Sr., et al., United States District Court, Southern District of New York, Civil Action No. 15 Civ. 04010 (LGS)

Deposition January 5, 2017

In re EZCORP, Inc. Securities Litigation, United States District Court, Southern District of New York, Case No. 14-cv-6834 (ALC)

Deposition October 14, 2016

Arthur Menaldi, et al. v. Och-Ziff Capital Management Group LLC, et al., United States District Court, Southern District of New York, No. 14-CV-03251-JPO

Deposition October 3, 2016

Keith Thomas, et al. v. MagnaChip Semiconductor Corp., et al., United States District Court, Northern District of California, Case No. 3:14-cv-01160-JST

Deposition September 16, 2016

In re Rocket Fuel, Inc. Securities Litigation, United States District Court, Northern District of California, Oakland Division, Case No. 4:14-cv-03998-PJH

Deposition September 14, 2016

Barbara Strougo, Individually and on Behalf of All Others Similarly Situated v. Barclays PLC, et al., United States District Court, Southern District of New York, Case No. 14-cv-5797 (SAS)

Deposition August 11, 2015

Evidentiary Hearing November 5, 2015

Deposition June 16, 2016

In re Merck & Co., Inc. Securities, Derivative & "ERISA" Litigation, United States District Court, District of New Jersey, Case Numbers: 05-cv-5060; 07-cv-4021; 07-cv-4022; 07-cv-4023; 07-cv-4024; 07-cv-4546; 11-cv-6259; and 15-cv-518

Deposition December 6, 2013

Deposition October 1, 2015

Richard Thorpe and Darrel Weisheit, Individually and on Behalf of All Others Similarly Situated v. Walter Investment Management Corp., et al., United States District Court, Southern District of Florida, Case No. 1:14-cv-20880-UU

Deposition September 16, 2015

City of Austin Police Retirement System, *Individually and on Behalf of All Others Similarly Situated* v. Kinross Gold Corporation, et al., United States District Court, Southern District of New York, Civil Action No. 1:12-cv-01203-VEC-KNF

Deposition November 19, 2014



In re El Paso Partners, L.P. Derivative Litigation, Court of Chancery of the State of Delaware, C.A. No. 7141-CS  
Deposition September 24, 2013  
Trial November 12 and 13, 2014

L-3 Communications Corporation, et al. v. Jaxon Engineering & Maintenance, Inc., et al., United States District  
Court for the District of Colorado, Civil Action No. 10-cv-02868-MSK-KMT  
Deposition August 7, 2014

Axa Corporate Solutions Assurance, et al. v. Honeywell International, Inc., et al., Superior Court of the State of  
Arizona in and for the County of Maricopa, No. CV2011-019334  
Deposition February 24, 2014

In re Heckmann Corporation Securities Litigation, United States District Court for the District of Delaware,  
Case No. 1:10-cv-00378-LPS-MPT  
Deposition November 9, 2012

**Exhibit 2****Forescout Technologies, Inc.****Document List***From Counsel*

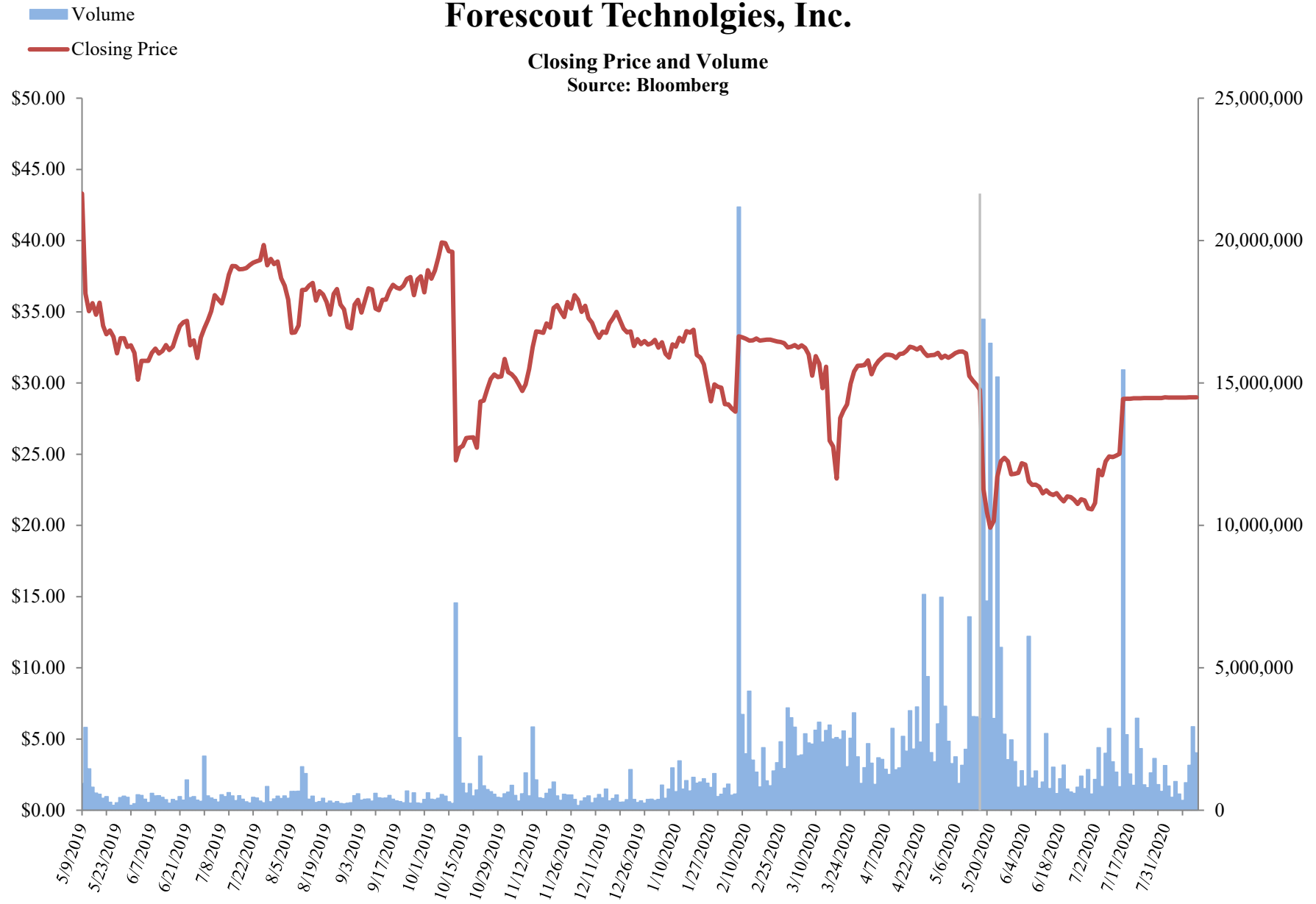
<b>Material</b>	<b>Document Date</b>
Amended Complaint for Violations of the Securities Laws	5/22/2020
Second Consolidated Amended Complaint for Violations of the Securities Laws	5/10/2021
Order Granting Defendants' Motion to Dismiss	10/6/2021
Appellate Decision	3/16/2023

*Obtained by Stanford Consulting Group, Inc.*

<b>Material</b>	<b>Document Date</b>	<b>Source</b>
Academic journal articles, reference materials (e.g., books, web sites, and news articles), and court filings	Various	See footnotes to Nye Report
Analyst reports	5/2019 - 5/2020	Refinitiv Eikon
Analyst ratings and price target data	5/2019 - 5/2020	Bloomberg
SEC filings for Forescout	2019 - 2020	Edgar Pro
News articles and conference call transcripts for Forescout	5/2019 - 5/2020	Factiva; Bloomberg; Internet
Daily closing bid & ask prices for Forescout stock and for sample companies on the Nasdaq market	5/2019 - 5/2020	Bloomberg
Total returns & market capitalization for comparables and/or competitors of Forescout	5/2018 - 8/2020	Bloomberg
Price, volume, dividend, shares outstanding data for Forescout shares	5/2018 - 8/2020	Bloomberg
Quarterly institutional and insider holdings data for Forescout shares	Q1-19 - Q2-20	Refinitiv Eikon
Daily index levels for S&P 500	5/2018 - 8/2020	Bloomberg
Short interest data for Forescout	5/2019 - 5/2020	Bloomberg
U.S. market short interest as a percentage of float data	5/2019 - 5/2020	Bloomberg
Nasdaq market maker activity data for Forescout	5/2019 - 5/2020	Bloomberg
Market capitalization data for NYSE and Nasdaq listed companies	5/2019 - 5/2020	Bloomberg

**Exhibit 3A****Forescout Technologies, Inc.****Closing Price and Volume**

Source: Bloomberg



**Exhibit 3B****Forescout Technologies, Inc.****Closing Price and Volume**

Source: Bloomberg

<b>Date</b>	<b>Volume</b>	<b>Closing Price</b>	<b>Price Change</b>
5/9/2019	934,311	\$43.30	\$1.09
5/10/2019	2,906,786	\$36.28	-\$7.02
5/13/2019	1,456,921	\$35.04	-\$1.24
5/14/2019	808,861	\$35.60	\$0.56
5/15/2019	607,618	\$34.80	-\$0.80
5/16/2019	560,652	\$35.63	\$0.83
5/17/2019	422,290	\$34.02	-\$1.61
5/20/2019	477,934	\$33.43	-\$0.59
5/21/2019	282,867	\$33.69	\$0.26
5/22/2019	179,395	\$33.24	-\$0.45
5/23/2019	266,144	\$32.08	-\$1.16
5/24/2019	450,173	\$33.14	\$1.06
5/28/2019	501,450	\$33.15	\$0.01
5/29/2019	456,891	\$32.53	-\$0.62
5/30/2019	177,234	\$32.64	\$0.11
5/31/2019	229,895	\$32.12	-\$0.52
6/3/2019	550,277	\$30.23	-\$1.89
6/4/2019	526,123	\$31.56	\$1.33
6/5/2019	386,244	\$31.56	\$0.00
6/6/2019	278,133	\$31.56	\$0.00
6/7/2019	597,602	\$32.11	\$0.55
6/10/2019	507,206	\$32.41	\$0.30
6/11/2019	513,045	\$32.07	-\$0.34
6/12/2019	460,137	\$32.25	\$0.18
6/13/2019	375,889	\$32.67	\$0.42
6/14/2019	253,868	\$32.31	-\$0.36
6/17/2019	384,913	\$32.55	\$0.24
6/18/2019	332,189	\$33.30	\$0.75
6/19/2019	483,053	\$34.00	\$0.70
6/20/2019	354,614	\$34.26	\$0.26
6/21/2019	1,071,021	\$34.36	\$0.10
6/24/2019	452,295	\$32.65	-\$1.71
6/25/2019	484,053	\$33.00	\$0.35
6/26/2019	356,719	\$31.76	-\$1.24
6/27/2019	312,105	\$33.19	\$1.43
6/28/2019	1,900,611	\$33.86	\$0.67
7/1/2019	505,570	\$34.41	\$0.55
7/2/2019	432,092	\$35.04	\$0.63
7/3/2019	381,256	\$36.16	\$1.12
7/5/2019	289,005	\$35.87	-\$0.29
7/8/2019	543,989	\$35.59	-\$0.28
7/9/2019	484,182	\$36.50	\$0.91
7/10/2019	622,737	\$37.60	\$1.10
7/11/2019	508,758	\$38.21	\$0.61
7/12/2019	341,674	\$38.20	-\$0.01
7/15/2019	514,557	\$37.99	-\$0.21
7/16/2019	387,346	\$38.00	\$0.01
7/17/2019	300,612	\$38.07	\$0.07
7/18/2019	255,172	\$38.28	\$0.21
7/19/2019	457,596	\$38.44	\$0.16
7/22/2019	427,642	\$38.55	\$0.11
7/23/2019	327,071	\$38.63	\$0.08
7/24/2019	263,521	\$39.68	\$1.05
7/25/2019	837,705	\$38.27	-\$1.41
7/26/2019	298,206	\$38.72	\$0.45

**Exhibit 3B****Forescout Technologies, Inc.****Closing Price and Volume**

Source: Bloomberg

Date	Volume	Closing Price	Price Change
7/29/2019	395,003	\$38.35	-\$0.37
7/30/2019	499,090	\$38.53	\$0.18
7/31/2019	418,614	\$37.36	-\$1.17
8/1/2019	505,585	\$36.82	-\$0.54
8/2/2019	420,892	\$35.86	-\$0.96
8/5/2019	659,926	\$33.53	-\$2.33
8/6/2019	661,667	\$33.55	\$0.02
8/7/2019	669,880	\$34.03	\$0.48
8/8/2019	1,534,297	\$36.53	\$2.50
8/9/2019	1,293,572	\$36.55	\$0.02
8/12/2019	389,564	\$36.85	\$0.30
8/13/2019	498,563	\$37.03	\$0.18
8/14/2019	276,694	\$35.78	-\$1.25
8/15/2019	305,059	\$36.44	\$0.66
8/16/2019	423,697	\$36.21	-\$0.23
8/19/2019	258,615	\$35.69	-\$0.52
8/20/2019	322,318	\$34.79	-\$0.90
8/21/2019	257,525	\$36.25	\$1.46
8/22/2019	306,312	\$36.59	\$0.34
8/23/2019	245,204	\$35.50	-\$1.09
8/26/2019	226,334	\$35.17	-\$0.33
8/27/2019	252,686	\$33.94	-\$1.23
8/28/2019	269,561	\$33.84	-\$0.10
8/29/2019	510,510	\$35.51	\$1.67
8/30/2019	578,778	\$35.83	\$0.32
9/3/2019	357,588	\$34.94	-\$0.89
9/4/2019	391,367	\$35.78	\$0.84
9/5/2019	398,453	\$36.64	\$0.86
9/6/2019	320,783	\$36.56	-\$0.08
9/9/2019	593,409	\$35.23	-\$1.33
9/10/2019	437,503	\$35.11	-\$0.12
9/11/2019	424,820	\$35.84	\$0.73
9/12/2019	430,153	\$35.86	\$0.02
9/13/2019	520,215	\$36.48	\$0.62
9/16/2019	389,136	\$36.90	\$0.42
9/17/2019	332,106	\$36.69	-\$0.21
9/18/2019	308,529	\$36.62	-\$0.07
9/19/2019	270,487	\$36.83	\$0.21
9/20/2019	676,275	\$37.30	\$0.47
9/23/2019	249,708	\$37.44	\$0.14
9/24/2019	611,912	\$36.17	-\$1.27
9/25/2019	254,376	\$37.28	\$1.11
9/26/2019	240,264	\$37.49	\$0.21
9/27/2019	380,299	\$36.37	-\$1.12
9/30/2019	613,288	\$37.92	\$1.55
10/1/2019	388,176	\$37.33	-\$0.59
10/2/2019	374,233	\$37.91	\$0.58
10/3/2019	426,509	\$38.85	\$0.94
10/4/2019	554,545	\$39.87	\$1.02
10/7/2019	494,253	\$39.82	-\$0.05
10/8/2019	295,454	\$39.25	-\$0.57
10/9/2019	243,474	\$39.20	-\$0.05
10/10/2019	7,283,574	\$24.57	-\$14.64
10/11/2019	2,552,452	\$25.44	\$0.88
10/14/2019	955,828	\$25.57	\$0.13

**Exhibit 3B****Forescout Technologies, Inc.****Closing Price and Volume**

Source: Bloomberg

<b>Date</b>	<b>Volume</b>	<b>Closing Price</b>	<b>Price Change</b>
10/15/2019	604,422	\$26.14	\$0.57
10/16/2019	939,535	\$26.17	\$0.04
10/17/2019	509,335	\$26.19	\$0.02
10/18/2019	711,041	\$25.45	-\$0.74
10/21/2019	1,906,508	\$28.70	\$3.25
10/22/2019	864,148	\$28.76	\$0.06
10/23/2019	732,226	\$29.56	\$0.80
10/24/2019	657,927	\$30.29	\$0.73
10/25/2019	560,087	\$30.59	\$0.30
10/28/2019	455,330	\$30.41	-\$0.18
10/29/2019	439,677	\$30.47	\$0.06
10/30/2019	579,551	\$31.68	\$1.21
10/31/2019	634,633	\$30.76	-\$0.92
11/1/2019	881,717	\$30.61	-\$0.15
11/4/2019	519,356	\$30.33	-\$0.28
11/5/2019	324,007	\$29.91	-\$0.42
11/6/2019	582,031	\$29.44	-\$0.47
11/7/2019	1,316,532	\$29.91	\$0.47
11/8/2019	508,637	\$30.97	\$1.06
11/11/2019	2,927,956	\$32.52	\$1.55
11/12/2019	1,064,781	\$33.62	\$1.10
11/13/2019	440,343	\$33.58	-\$0.04
11/14/2019	415,295	\$33.52	-\$0.06
11/15/2019	598,006	\$34.18	\$0.66
11/18/2019	742,316	\$33.88	-\$0.30
11/19/2019	994,393	\$35.27	\$1.39
11/20/2019	506,490	\$35.47	\$0.20
11/21/2019	351,730	\$35.03	-\$0.44
11/22/2019	564,001	\$34.63	-\$0.40
11/25/2019	542,860	\$35.68	\$1.05
11/26/2019	540,581	\$35.22	-\$0.46
11/27/2019	378,344	\$36.17	\$0.95
11/29/2019	166,496	\$35.83	-\$0.34
12/2/2019	327,741	\$35.00	-\$0.83
12/3/2019	442,428	\$35.43	\$0.43
12/4/2019	503,776	\$34.54	-\$0.89
12/5/2019	267,585	\$34.24	-\$0.30
12/6/2019	423,320	\$33.60	-\$0.64
12/9/2019	551,749	\$33.17	-\$0.43
12/10/2019	437,003	\$33.60	\$0.43
12/11/2019	742,371	\$33.53	-\$0.07
12/12/2019	334,484	\$34.19	\$0.66
12/13/2019	414,214	\$34.55	\$0.36
12/16/2019	536,519	\$34.99	\$0.44
12/17/2019	279,886	\$34.41	-\$0.59
12/18/2019	287,486	\$33.82	-\$0.59
12/19/2019	371,976	\$33.55	-\$0.27
12/20/2019	1,428,574	\$33.62	\$0.07
12/23/2019	380,257	\$32.60	-\$1.02
12/24/2019	271,449	\$33.08	\$0.48
12/26/2019	335,832	\$32.73	-\$0.35
12/27/2019	251,501	\$32.94	\$0.21
12/30/2019	380,433	\$32.69	-\$0.25
12/31/2019	387,426	\$32.80	\$0.11
1/2/2020	349,382	\$33.02	\$0.22

**Exhibit 3B****Forescout Technologies, Inc.****Closing Price and Volume**

Source: Bloomberg

<b>Date</b>	<b>Volume</b>	<b>Closing Price</b>	<b>Price Change</b>
1/3/2020	384,296	\$32.48	-\$0.54
1/6/2020	884,771	\$32.86	\$0.38
1/7/2020	426,728	\$32.05	-\$0.81
1/8/2020	748,271	\$31.79	-\$0.26
1/9/2020	1,488,239	\$32.72	\$0.93
1/10/2020	651,332	\$32.56	-\$0.16
1/13/2020	1,733,609	\$33.17	\$0.62
1/14/2020	744,566	\$32.91	-\$0.26
1/15/2020	1,043,968	\$33.64	\$0.73
1/16/2020	678,065	\$33.54	-\$0.10
1/17/2020	1,159,932	\$33.75	\$0.20
1/21/2020	953,134	\$31.98	-\$1.77
1/22/2020	991,702	\$31.79	-\$0.19
1/23/2020	1,109,071	\$31.31	-\$0.48
1/24/2020	951,599	\$29.99	-\$1.32
1/27/2020	800,575	\$28.72	-\$1.27
1/28/2020	1,294,742	\$29.90	\$1.18
1/29/2020	478,861	\$29.74	-\$0.16
1/30/2020	559,976	\$29.67	-\$0.07
1/31/2020	776,199	\$28.51	-\$1.16
2/3/2020	919,553	\$28.50	-\$0.01
2/4/2020	531,332	\$28.20	-\$0.30
2/5/2020	571,732	\$27.98	-\$0.22
2/6/2020	21,184,441	\$33.28	\$5.30
2/7/2020	3,367,243	\$33.20	-\$0.08
2/10/2020	1,987,896	\$33.11	-\$0.09
2/11/2020	4,187,043	\$32.98	-\$0.13
2/12/2020	1,765,174	\$33.00	\$0.02
2/13/2020	1,344,660	\$33.13	\$0.13
2/14/2020	819,703	\$32.98	-\$0.15
2/18/2020	2,196,303	\$33.02	\$0.04
2/19/2020	1,036,936	\$33.05	\$0.03
2/20/2020	861,876	\$33.04	-\$0.01
2/21/2020	1,383,702	\$32.97	-\$0.07
2/24/2020	1,674,867	\$32.91	-\$0.06
2/25/2020	2,405,205	\$32.88	-\$0.03
2/26/2020	1,468,714	\$32.79	-\$0.09
2/27/2020	3,598,904	\$32.49	-\$0.30
2/28/2020	3,247,896	\$32.54	\$0.05
3/2/2020	2,918,884	\$32.66	\$0.12
3/3/2020	1,909,606	\$32.48	-\$0.18
3/4/2020	1,941,625	\$32.64	\$0.16
3/5/2020	2,684,003	\$32.46	-\$0.18
3/6/2020	2,368,026	\$32.00	-\$0.46
3/9/2020	2,327,235	\$30.51	-\$1.49
3/10/2020	2,813,676	\$31.88	\$1.37
3/11/2020	3,092,303	\$31.35	-\$0.53
3/12/2020	2,397,415	\$29.64	-\$1.71
3/13/2020	2,803,043	\$31.14	\$1.50
3/16/2020	2,993,047	\$25.96	-\$5.18
3/17/2020	2,505,495	\$25.54	-\$0.42
3/18/2020	2,557,442	\$23.29	-\$2.25
3/19/2020	2,487,395	\$27.54	\$4.25
3/20/2020	2,789,876	\$28.07	\$0.53
3/23/2020	1,530,326	\$28.50	\$0.43

**Exhibit 3B****Forescout Technologies, Inc.****Closing Price and Volume**

Source: Bloomberg

<b>Date</b>	<b>Volume</b>	<b>Closing Price</b>	<b>Price Change</b>
3/24/2020	2,530,447	\$29.95	\$1.45
3/25/2020	3,419,897	\$30.81	\$0.86
3/26/2020	1,875,395	\$31.21	\$0.40
3/27/2020	947,657	\$31.22	\$0.01
3/30/2020	1,498,393	\$31.25	\$0.03
3/31/2020	2,341,179	\$31.59	\$0.34
4/1/2020	1,650,791	\$30.62	-\$0.97
4/2/2020	906,872	\$31.20	\$0.58
4/3/2020	1,845,070	\$31.55	\$0.35
4/6/2020	1,785,662	\$31.79	\$0.24
4/7/2020	1,442,720	\$31.98	\$0.19
4/8/2020	1,261,954	\$31.99	\$0.01
4/9/2020	2,880,092	\$31.93	-\$0.06
4/13/2020	1,422,149	\$31.75	-\$0.18
4/14/2020	1,487,942	\$32.04	\$0.29
4/15/2020	2,596,899	\$32.07	\$0.03
4/16/2020	2,076,406	\$32.25	\$0.18
4/17/2020	3,501,498	\$32.54	\$0.29
4/20/2020	2,154,036	\$32.48	-\$0.06
4/21/2020	3,630,217	\$32.35	-\$0.13
4/22/2020	2,401,959	\$32.51	\$0.16
4/23/2020	7,579,191	\$32.15	-\$0.36
4/24/2020	4,696,367	\$31.91	-\$0.24
4/27/2020	2,028,542	\$31.95	\$0.04
4/28/2020	1,705,734	\$31.97	\$0.02
4/29/2020	3,035,157	\$32.11	\$0.14
4/30/2020	7,479,227	\$31.76	-\$0.35
5/1/2020	3,653,102	\$31.92	\$0.16
5/4/2020	2,425,408	\$31.77	-\$0.15
5/5/2020	1,635,476	\$31.92	\$0.15
5/6/2020	1,879,995	\$32.10	\$0.18
5/7/2020	947,040	\$32.20	\$0.10
5/8/2020	1,583,398	\$32.22	\$0.02
5/11/2020	2,138,555	\$32.09	-\$0.13
5/12/2020	6,798,312	\$30.50	-\$1.59
5/13/2020	3,292,136	\$30.16	-\$0.34
5/14/2020	3,281,201	\$29.89	-\$0.27
5/15/2020	3,220,274	\$29.52	-\$0.37
5/18/2020	17,236,455	\$22.57	-\$6.95
5/19/2020	7,349,102	\$20.93	-\$1.64
5/20/2020	16,394,427	\$19.84	-\$1.09
5/21/2020	3,226,329	\$20.31	\$0.47
5/22/2020	15,215,200	\$23.40	\$3.09
5/26/2020	5,720,846	\$24.50	\$1.10
5/27/2020	2,672,142	\$24.74	\$0.24
5/28/2020	1,779,993	\$24.50	-\$0.24
5/29/2020	2,470,076	\$23.59	-\$0.91
6/1/2020	1,711,150	\$23.63	\$0.04
6/2/2020	814,815	\$23.68	\$0.05
6/3/2020	1,390,627	\$24.37	\$0.69
6/4/2020	854,594	\$24.27	-\$0.10
6/5/2020	6,112,243	\$23.10	-\$1.17
6/8/2020	1,136,916	\$22.85	-\$0.25
6/9/2020	1,383,172	\$22.86	\$0.01
6/10/2020	767,993	\$22.72	-\$0.14



**Exhibit 3B****Forescout Technologies, Inc.****Closing Price and Volume**

Source: Bloomberg

<b>Date</b>	<b>Volume</b>	<b>Closing Price</b>	<b>Price Change</b>
6/11/2020	995,877	\$22.25	-\$0.47
6/12/2020	2,698,869	\$22.46	\$0.21
6/15/2020	765,060	\$22.24	-\$0.22
6/16/2020	1,513,263	\$22.14	-\$0.10
6/17/2020	587,830	\$22.26	\$0.12
6/18/2020	1,107,720	\$21.94	-\$0.32
6/19/2020	1,585,865	\$21.70	-\$0.25
6/22/2020	744,695	\$22.03	\$0.34
6/23/2020	645,289	\$21.99	-\$0.04
6/24/2020	594,100	\$21.81	-\$0.18
6/25/2020	815,040	\$21.50	-\$0.31
6/26/2020	1,203,794	\$21.84	\$0.34
6/29/2020	762,356	\$21.75	-\$0.09
6/30/2020	1,433,051	\$21.20	-\$0.55
7/1/2020	576,016	\$21.13	-\$0.07
7/2/2020	1,083,789	\$21.57	\$0.44
7/6/2020	2,203,422	\$23.90	\$2.33
7/7/2020	834,079	\$23.52	-\$0.38
7/8/2020	2,003,691	\$24.49	\$0.97
7/9/2020	2,876,291	\$24.85	\$0.36
7/10/2020	1,700,725	\$24.79	-\$0.06
7/13/2020	1,340,628	\$24.89	\$0.10
7/14/2020	827,147	\$25.03	\$0.14
7/15/2020	15,462,384	\$28.88	\$3.85
7/16/2020	2,651,176	\$28.90	\$0.02
7/17/2020	1,275,194	\$28.90	\$0.00
7/20/2020	875,337	\$28.92	\$0.02
7/21/2020	3,230,349	\$28.92	\$0.00
7/22/2020	2,167,744	\$28.92	\$0.00
7/23/2020	891,276	\$28.95	\$0.03
7/24/2020	793,878	\$28.94	-\$0.01
7/27/2020	1,312,965	\$28.95	\$0.01
7/28/2020	1,822,614	\$28.94	-\$0.01
7/29/2020	899,530	\$28.95	\$0.01
7/30/2020	660,770	\$28.95	\$0.00
7/31/2020	1,569,514	\$28.99	\$0.04
8/3/2020	849,806	\$28.97	-\$0.02
8/4/2020	459,189	\$28.98	\$0.01
8/5/2020	1,008,285	\$28.98	\$0.00
8/6/2020	573,189	\$28.98	\$0.00
8/7/2020	352,368	\$28.98	\$0.00
8/10/2020	972,069	\$28.98	\$0.00
8/11/2020	1,581,977	\$28.99	\$0.01
8/12/2020	2,933,719	\$29.00	\$0.01
8/13/2020	2,021,823	\$28.99	-\$0.01

**Exhibit 4****Forescout Technologies, Inc.****Volume Analysis**

Source: Bloomberg

Date	Weekly Volume	Dollar Volume of Trades	Volume as % of Shares Outstanding
5/17/2019	3,856,342	\$135,333,406	8.53%
5/24/2019	1,656,513	\$54,926,845	3.66%
5/31/2019	1,365,470	\$44,654,877	3.02%
6/7/2019	2,338,379	\$73,396,054	5.17%
6/14/2019	2,110,145	\$68,214,087	4.67%
6/21/2019	2,625,790	\$88,963,971	5.81%
6/28/2019	3,505,783	\$116,784,030	7.75%
7/5/2019	1,607,923	\$56,689,994	3.55%
7/12/2019	2,501,340	\$92,939,713	5.53%
7/19/2019	1,915,283	\$73,069,442	4.23%
7/26/2019	2,154,145	\$83,182,372	4.76%
8/2/2019	2,239,184	\$83,726,549	4.95%
8/9/2019	4,819,342	\$170,450,189	10.43%
8/16/2019	1,893,577	\$69,175,751	4.10%
8/23/2019	1,389,974	\$49,691,392	3.01%
8/30/2019	1,837,869	\$64,524,100	3.98%
9/6/2019	1,468,191	\$52,824,380	3.18%
9/13/2019	2,406,100	\$85,894,808	5.21%
9/20/2019	1,976,533	\$73,029,513	4.28%
9/27/2019	1,736,559	\$63,804,034	3.76%
10/4/2019	2,356,751	\$90,613,248	5.10%
10/11/2019	10,869,207	\$284,677,279	23.52%
10/18/2019	3,720,161	\$96,260,199	8.05%
10/25/2019	4,720,896	\$138,275,947	10.22%
11/1/2019	2,990,908	\$92,114,388	6.47%
11/8/2019	3,250,563	\$97,708,070	6.89%
11/15/2019	5,446,381	\$180,162,318	11.55%
11/22/2019	3,158,930	\$110,039,564	6.70%
11/29/2019	1,628,281	\$58,058,762	3.45%
12/6/2019	1,964,850	\$67,932,244	4.17%
12/13/2019	2,479,821	\$83,623,616	5.26%
12/20/2019	2,904,441	\$98,633,507	6.16%
12/27/2019	1,239,039	\$40,652,135	2.63%
1/3/2020	1,501,537	\$49,162,455	3.18%
1/10/2020	4,199,341	\$136,425,171	8.90%
1/17/2020	5,360,140	\$179,010,767	11.36%
1/24/2020	4,005,506	\$125,266,133	8.49%
1/31/2020	3,910,353	\$114,690,547	8.29%
2/7/2020	26,574,301	\$873,998,548	55.19%
2/14/2020	10,104,476	\$333,741,047	20.99%
2/21/2020	5,478,817	\$180,873,532	11.38%
2/28/2020	12,395,586	\$404,977,072	25.61%
3/6/2020	11,822,144	\$383,628,964	24.42%
3/13/2020	13,433,672	\$415,993,769	27.75%
3/20/2020	13,333,255	\$348,067,344	27.55%

Share Turnover	
Calendar Days	372
Time Period (years)	1.018
Shares Out at End of Class Period	49,265,000
Total Volume in Class Period	310,661,572
Annualized Share Turnover	619.2%

Shares Outstanding	
4/17/2019	45,137,000
5/10/2019	45,230,000
8/9/2019	46,211,000
11/6/2019	47,173,000
2/7/2020	48,147,000
2/28/2020	48,405,000
3/30/2020	49,037,000
5/11/2020	49,265,000
7/17/2020	49,553,000
8/5/2020	49,712,000

**Exhibit 4****Forescout Technologies, Inc.**

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**Volume Analysis**

Source: Bloomberg

<b>Date</b>	<b>Weekly Volume</b>	<b>Dollar Volume of Trades</b>	<b>Volume as % of Shares Outstanding</b>
3/27/2020	10,303,722	\$312,885,135	21.29%
4/3/2020	8,242,305	\$257,836,211	16.81%
4/9/2020	7,370,428	\$235,235,627	15.03%
4/17/2020	11,084,894	\$357,012,282	22.61%
4/24/2020	20,461,770	\$659,020,358	41.73%
5/1/2020	17,901,762	\$570,950,390	36.51%
5/8/2020	8,471,317	\$271,119,217	17.28%
5/15/2020	18,730,478	\$568,403,154	38.02%
<b>Average</b>	<b>5,789,066</b>	<b>\$185,251,406</b>	<b>12.1%</b>
<b>Minimum</b>	<b>1,239,039</b>	<b>\$40,652,135</b>	<b>2.6%</b>
<b>Maximum</b>	<b>26,574,301</b>	<b>\$873,998,548</b>	<b>55.2%</b>
<b>Total</b>	<b>306,820,475</b>	<b>\$9,818,324,505</b>	

**Exhibit 5A****Forescout Technologies, Inc.****Number of Analyst Reports by Company**

Source: Refinitiv Eikon

Abridged Search with Company Name as Primary Ticker Only

<b>Number</b>	<b>Analyst Name</b>	<b>Reports</b>
1	JPMorgan	12
2	UBS Equities	9
3	Berenberg	8
4	BuySellSignals Research	8
5	Needham & Company Inc.	7
6	Macquarie Research	7
7	Summit Insights Group	7
8	Sadif Analytics Prime	6
9	BofA Global Research	6
10	Morgan Stanley	6
11	FBN Securities	5
12	Corporate Watchdog Reports	4
13	ValuEngine, Inc.	4
14	Wright Reports	3
15	GlobalData	3
16	Piper Sandler Companies	2
17	Crispidea	1
18	Piper Jaffray	1
19	Plunkett Research, Ltd.	1
20	Smart Insider	1
21	TheScreener	1
<b>Total Analyst Reports in Class Period</b>		<b>102</b>

**Exhibit 5B****Forescout Technologies, Inc.****List of Analyst Reports**

Source: Refinitiv Eikon

<b>Date</b>	<b>Contributor</b>	<b>Title</b>
5/4/2019	JPMorgan	1Q19 Earnings Week 3 Preview : EVBG, RNG, RP, Q TWO, AVL R, MODN, ALTR, FSCT, SNCR, TIVO
5/6/2019	Needham & Company Inc.	FSCT: Solid Demand Going Into CY1Q Should Allow a Solid Beat and Raise
5/6/2019	Needham & Company Inc.	Earnings Preview: SAIL, FSCT, MIME, FN, LITE, RDCM, AAOI, INFN, ALLT, CSCO
5/10/2019	UBS Equities	ForeScout Technologies Inc "Case of the Lumpy Model, Again" (Buy) Boolani
5/10/2019	Morgan Stanley	ForeScout Technologies Inc: 1Q19 Results: Different Path, But Same Destination
5/10/2019	JPMorgan	ForeScout : 1Q19: Decent Results, but Shifting Deals Weigh on June Guidance
5/10/2019	Needham & Company Inc.	FSCT: Solid 1Q, Soft 2Q Guidance on Deal Timing, Raised Full Year Outlook
5/10/2019	Summit Insights Group	Disappointing 2Q guidance stalls the story; Remain BUY and \$50PT
5/10/2019	BofA Global Research	ForeScout Technologies, Inc: Looking through deal timing issues to a strong 2H and beyond; reiterate Buy
5/10/2019	Berenberg	ForeScout (FSCT US) - Q2 is only noise, maintain our Buy rating
5/10/2019	JPMorgan	ForeScout : Model Update
5/10/2019	FBN Securities	FSCT: Lower than Expected FQ2 Guide due to Deal Timing, but Full-Year Revenue Expectations Intact – Retain Outperform
5/14/2019	JPMorgan	ForeScout : J.P. Morgan Conference Takeaways - ALERT
5/16/2019	Sadif Analytics Prime	Rating Update for ForeScout Technologies Inc
5/16/2019	BuySellSignals Research	ForeScout Technologies jumps 37% in 2019, outperforming 81% of the market
5/30/2019	Sadif Analytics Prime	Rating Update for ForeScout Technologies Inc
6/14/2019	Summit Insights Group	Model update/Correction to reflect revenue mix per guidance
6/16/2019	Summit Insights Group	Model update/Correction
7/8/2019	Corporate Watchdog Reports	Watchdog Report: FSCT - Red Flags and Warning Signs
7/11/2019	ValuEngine, Inc.	ValuEngine Rating and Forecast Report for FSCT
7/11/2019	Wright Reports	Wright Investors Service Comprehensive Report for Forescout Technologies Inc
7/16/2019	Macquarie Research	Macquarie: ForeScout Technologies (FSCT US) (Initiating coverage with Neutral) - Initiation of Coverage: Scouting IoT
7/19/2019	BuySellSignals Research	ForeScout Technologies shares post best month in five months
7/21/2019	UBS Equities	U.S. Software "C2Q Cyber Preview: How do CHKP, CYBR, FEYE, FSCT, and FTNT ..."
8/2/2019	JPMorgan	2Q19 Earnings Week 3 Preview : ANSS, EVBG, MIME, SNCR, MODN, NEWR, CYBR, Q TWO, AZPN, FSCT, AVL R, DOX, ALTR
8/4/2019	Needham & Company Inc.	FSCT: Better Tone After Soft CY2Q Guide--We Expect a Strong CY2H
8/5/2019	Needham & Company Inc.	Earnings Preview: SAIL, INFN, ALLT, FSCT, MIME, CYBR, NPTN, AAOI, LITE
8/6/2019	Berenberg	ForeScout (FSCT US) - Q2 guidance beat despite effects of term based licenses
8/7/2019	Macquarie Research	Macquarie: ForeScout Technologies (FSCT US) (Neutral) - Q2'19 Solid Execution
8/8/2019	UBS Equities	ForeScout Technologies Inc "More to Results than Meets the Eye" (Buy) Boolani
8/8/2019	Morgan Stanley	ForeScout Technologies Inc: 2Q19 Results - Strength In Numbers
8/8/2019	JPMorgan	ForeScout : 2Q19: Core Business Accelerates
8/8/2019	Needham & Company Inc.	FSCT: Beat and Raise Masked by Conversion to Subscription
8/8/2019	BofA Global Research	ForeScout Technologies, Inc: Softness on surface due to new licensing model, but strength underneath
8/9/2019	FBN Securities	FSCT: Pro-Forma (for Term Licenses) Revenue and License Revenue Growth Rates Accelerating – Raising PT to \$50
8/14/2019	JPMorgan	ForeScout : Model Update
8/15/2019	Sadif Analytics Prime	Is There Long-Term Value in ForeScout Technologies Inc?
8/17/2019	Summit Insights Group	Model update following F2Q19 results

**Exhibit 5B****Forescout Technologies, Inc.****List of Analyst Reports**

Source: Refinitiv Eikon

<b>Date</b>	<b>Contributor</b>	<b>Title</b>
8/20/2019	BuySellSignals Research	ForeScout Technologies advances 34% in 2019, but lagging Technology sector
9/4/2019	Berenberg	ForeScout (FSCT US) - Underlying performance remains strong; maintain Buy
9/6/2019	Corporate Watchdog Reports	Watchdog Report: FSCT - Red Flags and Warning Signs
9/13/2019	Berenberg	ForeScout (FSCT US) - ForeScout acquires assets from Dojo; terms undisclosed
10/10/2019	Macquarie Research	Macquarie: ForeScout Technologies (FSCT US) (Neutral) - Q3'19 Negative Preannouncement
10/10/2019	UBS Equities	First Read: ForeScout Technologies Inc "Negative 3Q Pre-Announce with EMEA ..."
10/10/2019	Needham & Company Inc.	FSCT: Downgrading to Hold on Macro and Sales Challenges
10/10/2019	JPMorgan	ForeScout : Downgrading to Neutral on Negative Preannouncement
10/10/2019	Berenberg	ForeScout (FSCT US) - Extended sales cycles leads to lower Q3 outlook
10/10/2019	JPMorgan	ForeScout : Model Update
10/10/2019	Morgan Stanley	ForeScout Technologies Inc: 3Q19 Pre-Release - Extended Deal Cycles and EMEA Exposure Weigh on Results
10/11/2019	FBN Securities	FSCT: Lowering PT to \$35 on Recent Preannouncement
10/11/2019	BofA Global Research	ForeScout Technologies, Inc: Negative 3Q preannouncement: extended approval cycles in EMEA to blame
10/14/2019	ValuEngine, Inc.	ValuEngine Rating and Forecast Report for FSCT
10/15/2019	UBS Equities	ForeScout Technologies Inc "Outsized Reset in Shares Discounts Lingerling ..."
10/18/2019	GlobalData	ForeScout Technologies Inc
10/25/2019	BuySellSignals Research	ForeScout Technologies gains 18% in 2019
11/1/2019	JPMorgan	3Q19 Earnings Week 3 Preview : EVBG, RNG, SNCR, FIVN, AVLRL, MODN, NEWR, CYBR, FSCT, ANSS, QTWO, GDDY, RP, MIME, ALTR, NET, TIVO
11/6/2019	Summit Insights Group	FSCT: Reiterate BUY and \$40PT; Patient investors will likely be rewarded
11/7/2019	Macquarie Research	Macquarie: ForeScout Technologies (FSCT US) (Neutral) - FQ3'19: Taking Lumps on a Lumpy Business
11/7/2019	UBS Equities	ForeScout Technologies Inc "Trough Multiple on Temporarily Depressed ..."
11/7/2019	Berenberg	ForeScout (FSCT US) - ForeScout Q3 first take
11/7/2019	JPMorgan	ForeScout : 3Q19: Issues Appear to Be a Mix of Macro and Company Specific
11/7/2019	BofA Global Research	ForeScout Technologies, Inc: Guidance disappoints, but no change to fundamental story
11/7/2019	Morgan Stanley	ForeScout Technologies Inc: Some Bumps on the Road, But Still on a Compelling Path; Resuming at OW
11/7/2019	Needham & Company Inc.	FSCT: Lowered CY4Q Outlook and Changing Marketing Plans Extends Uncertainty
11/7/2019	FBN Securities	Misexecution in FQ3, but new CRO and expected future Cloud-Delivered EyeSight in Late 2020 Keep Story Attractive
11/12/2019	Macquarie Research	Macquarie: ForeScout Technologies (FSCT US) (Neutral) - Activist Investors Exploring Sale
11/12/2019	Morgan Stanley	ForeScout Technologies Inc: Revisiting the Potential Strategic Value
11/14/2019	Sadif Analytics Prime	Will ForeScout Technologies Inc Perform Long Term?
11/18/2019	Berenberg	ForeScout (FSCT US) - Reasonable upside from here; maintain Buy
11/23/2019	Wright Reports	Wright Investors Service Comprehensive Report for Forescout Technologies Inc
11/28/2019	Sadif Analytics Prime	Rating Update for ForeScout Technologies Inc
12/2/2019	Corporate Watchdog Reports	Watchdog Report: FSCT - Red Flags and Warning Signs
12/9/2019	Piper Jaffray	FSCT: Initiating Coverage of Forescout at Overweight
12/19/2019	Sadif Analytics Prime	Rating Update for ForeScout Technologies Inc
12/30/2019	GlobalData	ForeScout Technologies Inc (FSCT) - Financial Analysis Review
12/31/2019	BuySellSignals Research	ForeScout Technologies jumps 26% in FY 2019
1/8/2020	UBS Equities	ForeScout Technologies Inc "Core Market Getting More Attention, But ..."

**Exhibit 5B****Forescout Technologies, Inc.****List of Analyst Reports**

Source: Refinitiv Eikon

<b>Date</b>	<b>Contributor</b>	<b>Title</b>
1/13/2020	Summit Insights Group	Model update
1/15/2020	ValuEngine, Inc.	ValuEngine Rating and Forecast Report for FSCT
1/16/2020	Crispidea	Forescout Holdings Inc (FSCT) - INITIATING COVERAGE - Bright future as Cyber Security market is projected to reach \$258.99bn by 2025
1/24/2020	UBS Equities	U.S. Software "C4Q Cyber Preview: How do CHKP, CYBR, FEYE, FSCT, FTNT, and ..."
1/30/2020	Plunkett Research, Ltd.	ForeScout Technologies Inc: Analytics, Extensive Financial Metrics, and Benchmarks Against Averages and Top Companies Within Its Industry
2/3/2020	JPMorgan	4Q19 Earnings Week 2 Preview : TENB, DOX, MODN, NEWR, SWI, FEYE, FSCT, FTNT, VRSN, PRO
2/6/2020	Macquarie Research	Macquarie: ForeScout Technologies (FSCT US) (Neutral) - Advent International to purchase in take-private.
2/6/2020	UBS Equities	First Read: ForeScout Technologies Inc "Announces Go-Private Deal with ..."
2/6/2020	Needham & Company Inc.	FSCT: Announces Agreement to Be Acquired at \$33
2/6/2020	Piper Sandler Companies	And So it Goes' - FSCT: Agreement to be Acquired by Private Equity for \$33/Sh
2/6/2020	Summit Insights Group	Sells itself at for a song; Alternate bidders will likely emerge
2/6/2020	FBN Securities	FSCT: Dropping Coverage
2/6/2020	JPMorgan	ForeScout : Suspending Rating and Price Target
2/6/2020	Morgan Stanley	ForeScout Technologies Inc: ForeScout to Be Acquired by Advent International
2/7/2020	BofA Global Research	ForeScout Technologies, Inc: Moving to No Rating
2/7/2020	Berenberg	ForeScout (FSCT US) - Fair price to pay for ForeScout
2/7/2020	BofA Global Research	Endeavor List Update: Removing HUBS and FSCT from the Endeavor List
2/13/2020	Smart Insider	Forescout Technologies Inc: 1 director sold
2/29/2020	Wright Reports	Wright Investors Service Comprehensive Report for Forescout Technologies Inc
3/5/2020	GlobalData	ForeScout Technologies Inc (FSCT) - Financial Analysis Review
3/11/2020	BuySellSignals Research	ForeScout Technologies dips 7% in past quarter; Institutional Ownership up 24%
3/26/2020	Corporate Watchdog Reports	Watchdog Report: FSCT - Now with Critical / Key Audit Matters
4/14/2020	BuySellSignals Research	ForeScout Technologies dips 2% in 2020, but outperforming Technology sector
4/16/2020	ValuEngine, Inc.	ValuEngine Rating and Forecast Report for FSCT
4/22/2020	TheScreener	FORESCOUT TECHS.INCO. sees a downgrade to Slightly Negative on account of less fundamental stars
5/11/2020	Piper Sandler Companies	FSCT - Model Update
5/12/2020	Macquarie Research	Macquarie: ForeScout Technologies (FSCT US) (Neutral) - FQ1'20: Bad miss, but Advent acquisition stabilizing shares
5/15/2020	BuySellSignals Research	Q1 2020: ForeScout Technologies reports 37.4% sequential fall in Quarterly Revenue; Institutional Ownership up 1%
5/18/2020	UBS Equities	ForeScout Technologies Inc "Take-Private Now at Standstill" (Neutral) Boolani
5/18/2020	Macquarie Research	Macquarie: ForeScout Technologies (FSCT US) (Neutral) - Advent Delays Acquisition – Talks Ongoing
5/18/2020	Piper Sandler Companies	Back to the Drawing Board - Lowering target to \$26
5/19/2020	Berenberg	ForeScout (FSCT US) - Standalone valuation implies additional downside

**Exhibit 5C****Forescout Technologies, Inc.****Analyst Price Targets and Rating Actions Surrounding Event Dates**

Source: Bloomberg; Analyst Reports

<b>5/9/2019</b>	<b>First-Quarter 2019 Earnings Results &amp; Conference Call</b>				
<b>Firm</b>	<b>Price Target as of 5/8/2019</b>	<b>Price Target as of 5/14/2019</b>	<b>% Change in Price Target</b>	<b>Pre-Event Rating Action</b>	<b>Post-Event Rating Action</b>
Baird	\$44.00	\$44.00	0.00%	outperform	outperform
Berenberg	\$54.00	\$54.00	0.00%	buy	buy
Citi	\$38.00	\$38.00	0.00%	neutral	neutral
FBN Securities	\$45.00	\$45.00	0.00%	outperform	outperform
ISS-EVA				sell	sell
JP Morgan	\$48.00	\$48.00	0.00%	overweight	overweight
KeyBanc Capital Markets	\$48.00	\$48.00	0.00%	overweight	overweight
Monness Crespi Hardt & Co	\$49.00	\$49.00	0.00%	buy	buy
Morgan Stanley	\$46.00	\$48.00	4.35%	Overwt/Attractive	Overwt/Attractive
Needham	\$50.00	\$50.00	0.00%	buy	buy
Summit Insights Group LLC	\$45.00	\$50.00	11.11%	buy	buy
<b>Total</b>	<b>\$46.70</b>	<b>\$47.40</b>	<b>1.50%</b>		

<b>8/7/2019</b>	<b>Second-Quarter 2019 Earnings Results &amp; Conference Call</b>				
<b>Firm</b>	<b>Price Target as of 8/6/2019</b>	<b>Price Target as of 8/12/2019</b>	<b>% Change in Price Target</b>	<b>Pre-Event Rating Action</b>	<b>Post-Event Rating Action</b>
Baird	\$44.00	\$44.00	0.00%	outperform	outperform
Berenberg	\$54.00	\$54.00	0.00%	buy	buy
Citi	\$38.00	\$40.00	5.26%	neutral	neutral
FBN Securities	\$45.00	\$50.00	11.11%	outperform	outperform
ISS-EVA				sell	sell
JP Morgan	\$48.00	\$54.00	12.50%	overweight	overweight
KeyBanc Capital Markets	\$48.00	\$48.00	0.00%	overweight	overweight
Macquarie	\$41.00	\$41.00	0.00%	neutral	neutral
Monness Crespi Hardt & Co	\$49.00	\$49.00	0.00%	buy	buy
Morgan Stanley	\$46.00	\$46.00	0.00%	Overwt/Attractive	Overwt/Attractive
Needham	\$50.00	\$50.00	0.00%	buy	buy
Summit Insights Group LLC	\$50.00	\$50.00	0.00%	buy	buy
<b>Total</b>	<b>\$46.64</b>	<b>\$47.82</b>	<b>2.53%</b>		



**Exhibit 5C****Forescout Technologies, Inc.****Analyst Price Targets and Rating Actions Surrounding Event Dates**

Source: Bloomberg; Analyst Reports

<b>10/10/2019</b>	<b>Preliminary Third-Quarter 2019 Earnings Results</b>				
<b>Firm</b>	<b>Price Target as of 10/9/2019</b>	<b>Price Target as of 10/15/2019</b>	<b>% Change in Price Target</b>	<b>Pre-Event Rating Action</b>	<b>Post-Event Rating Action</b>
Baird	\$44.00	\$44.00	0.00%	outperform	outperform
Berenberg	\$54.00	\$54.00	0.00%	buy	buy
Citi	\$40.00	\$29.00	-27.50%	neutral	neutral
FBN Securities	\$50.00	\$35.00	-30.00%	outperform	outperform
ISS-EVA				sell	sell
JP Morgan	\$54.00	\$35.00	-35.19%	overweight	neutral
Macquarie	\$41.00	\$33.00	-19.51%	neutral	neutral
Monness Crespi Hardt & Co	\$49.00	\$39.00	-20.41%	buy	buy
Morgan Stanley	\$46.00			Overwt/Attractive	not rated
Needham	\$50.00			buy	hold
Summit Insights Group LLC	\$50.00	\$50.00	0.00%	buy	buy
<b>Total</b>	<b>\$47.80</b>	<b>\$39.88</b>	<b>-16.58%</b>		

<b>11/6/2019</b>	<b>Third-Quarter 2019 Earnings Results &amp; Conference Call</b>				
<b>Firm</b>	<b>Price Target as of 11/5/2019</b>	<b>Price Target as of 11/11/2019</b>	<b>% Change in Price Target</b>	<b>Pre-Event Rating Action</b>	<b>Post-Event Rating Action</b>
Baird	\$44.00	\$40.00	-9.09%	outperform	outperform
Berenberg	\$54.00	\$54.00	0.00%	buy	buy
Citi	\$29.00	\$28.00	-3.45%	neutral	neutral
FBN Securities	\$35.00	\$33.00	-5.71%	outperform	outperform
ISS-EVA				sell	sell
JP Morgan	\$35.00	\$33.00	-5.71%	neutral	neutral
Macquarie	\$33.00	\$30.00	-9.09%	neutral	neutral
Monness Crespi Hardt & Co	\$39.00	\$39.00	0.00%	buy	buy
Morgan Stanley		\$37.00		not rated	Overwt/Attractive
Needham				hold	hold
Summit Insights Group LLC	\$50.00	\$40.00	20.00%	buy	buy
<b>Total</b>	<b>\$39.88</b>	<b>\$37.11</b>	<b>-6.93%</b>		

**Exhibit 5C****Forescout Technologies, Inc.****Analyst Price Targets and Rating Actions Surrounding Event Dates**

Source: Bloomberg; Analyst Reports

<b>2/6/2020</b>	<b>Acquisition Announcement &amp; Fourth-Quarter/Full-Year 2019 Earnings Results</b>				
<b>Firm</b>	<b>Price Target as of 2/5/2020</b>	<b>Price Target as of 2/11/2020</b>	<b>% Change in Price Target</b>	<b>Pre-Event Rating Action</b>	<b>Post-Event Rating Action</b>
Baird	\$40.00	\$33.00	-17.50%	outperform	outperform
Berenberg	\$39.00	\$33.00	-15.38%	buy	hold
Citi				neutral	neutral
FBN Securities	\$33.00			outperform	
ISS-EVA				sell	sell
JP Morgan	\$33.00			neutral	Rating Suspended
Macquarie	\$30.00	\$33.00	10.00%	neutral	neutral
Monness Crespi Hardt & Co	\$39.00			buy	neutral
Morgan Stanley	\$40.00			Overwt/Attractive	restricted
Needham				hold	hold
Piper Sandler & Co	\$45.00	\$33.00	-26.67%	overweight	neutral
Summit Insights Group LLC				buy	buy
<b>Total</b>	<b>\$37.38</b>	<b>\$33.00</b>	<b>-11.71%</b>		

<b>5/11/2020</b>	<b>First-Quarter 2020 Earnings Results</b>				
<b>Firm</b>	<b>Price Target as of 5/8/2020</b>	<b>Price Target as of 5/14/2020</b>	<b>% Change in Price Target</b>	<b>Pre-Event Rating Action</b>	<b>Post-Event Rating Action</b>
Baird	\$33.00	\$33.00	0.00%	neutral	neutral
Berenberg	\$33.00	\$33.00	0.00%	hold	hold
Citi				neutral	neutral
ISS-EVA				sell	sell
JP Morgan				Rating Suspended	Rating Suspended
Macquarie	\$33.00	\$33.00	0.00%	neutral	neutral
Monness Crespi Hardt & Co				neutral	neutral
Morgan Stanley				restricted	restricted
Needham				hold	hold
Piper Sandler & Co	\$33.00	\$33.00	0.00%	neutral	neutral
Summit Insights Group LLC				buy	buy
<b>Total</b>	<b>\$33.00</b>	<b>\$33.00</b>	<b>0.00%</b>		

**Exhibit 6****Forescout Technologies, Inc.****List of SEC Filings**Source: Edgar Pro (<http://pro.edgar-online.com/>)

Count	Form Type	Company (Filer)	Received	Period
1	4	FORESCOUT TECHNOLOGIES, INC(ELLIOTT T KENT)	5/1/2019	4/29/2019
2	4	FORESCOUT TECHNOLOGIES, INC(BEER JAMES A)	5/1/2019	4/29/2019
3	4	FORESCOUT TECHNOLOGIES, INC(SALEM ENRIQUE T)	5/3/2019	5/1/2019
4	10-Q	FORESCOUT TECHNOLOGIES, INC	5/9/2019	3/31/2019
5	8-K	FORESCOUT TECHNOLOGIES, INC	5/9/2019	5/9/2019
6	4	FORESCOUT TECHNOLOGIES, INC(YESHURUN YEHEZKEL)	5/17/2019	5/15/2019
7	4	FORESCOUT TECHNOLOGIES, INC(SALEM ENRIQUE T)	5/17/2019	5/15/2019
8	4	FORESCOUT TECHNOLOGIES, INC(JENSEN MARK EDWIN)	5/17/2019	5/15/2019
9	4	FORESCOUT TECHNOLOGIES, INC(GOUW RANZETTA THERESIA)	5/17/2019	5/15/2019
10	4	FORESCOUT TECHNOLOGIES, INC(DEWALT DAVID G)	5/17/2019	5/15/2019
11	4	FORESCOUT TECHNOLOGIES, INC(BEER JAMES A)	5/17/2019	5/15/2019
12	4	FORESCOUT TECHNOLOGIES, INC(MILLIKEN DARREN J.)	5/17/2019	5/15/2019
13	4	FORESCOUT TECHNOLOGIES, INC(HARMS CHRISTOPHER)	5/17/2019	5/15/2019
14	4	FORESCOUT TECHNOLOGIES, INC(DECESARE MICHAEL)	5/17/2019	5/15/2019
15	4	FORESCOUT TECHNOLOGIES, INC(ABREU PEDRO)	5/17/2019	5/15/2019
16	4	FORESCOUT TECHNOLOGIES, INC(MCELLIGOTT KATHLEEN D)	5/31/2019	5/29/2019
17	3	FORESCOUT TECHNOLOGIES, INC(MCELLIGOTT KATHLEEN D)	5/31/2019	5/29/2019
18	4	FORESCOUT TECHNOLOGIES, INC(ABREU PEDRO)	5/31/2019	5/30/2019
19	8-K	FORESCOUT TECHNOLOGIES, INC	6/3/2019	5/29/2019
20	4	FORESCOUT TECHNOLOGIES, INC(HACKENSON ELIZABETH)	6/3/2019	5/29/2019
21	3	FORESCOUT TECHNOLOGIES, INC(HACKENSON ELIZABETH)	6/3/2019	5/29/2019
22	8-K	FORESCOUT TECHNOLOGIES, INC	6/7/2019	6/5/2019
23	4	FORESCOUT TECHNOLOGIES, INC(MILLIKEN DARREN J.)	6/14/2019	6/14/2019
24	4	FORESCOUT TECHNOLOGIES, INC(HARMS CHRISTOPHER)	6/14/2019	6/13/2019
25	4	FORESCOUT TECHNOLOGIES, INC(ABREU PEDRO)	6/28/2019	6/28/2019
26	4	FORESCOUT TECHNOLOGIES, INC(SALEM ENRIQUE T)	6/28/2019	6/26/2019
27	4	FORESCOUT TECHNOLOGIES, INC(SALEM ENRIQUE T)	7/3/2019	7/3/2019
28	4	FORESCOUT TECHNOLOGIES, INC(DECESARE MICHAEL)	7/3/2019	7/2/2019
29	4	FORESCOUT TECHNOLOGIES, INC(MILLIKEN DARREN J.)	7/12/2019	7/12/2019
30	4	FORESCOUT TECHNOLOGIES, INC(HARMS CHRISTOPHER)	7/16/2019	7/15/2019
31	4	FORESCOUT TECHNOLOGIES, INC(DECESARE MICHAEL)	7/16/2019	7/15/2019
32	4	FORESCOUT TECHNOLOGIES, INC(ABREU PEDRO)	8/2/2019	7/31/2019
33	10-Q	FORESCOUT TECHNOLOGIES, INC	8/7/2019	6/30/2019
34	8-K	FORESCOUT TECHNOLOGIES, INC	8/7/2019	8/7/2019
35	8-K/A	FORESCOUT TECHNOLOGIES, INC	8/8/2019	8/7/2019
36	4	FORESCOUT TECHNOLOGIES, INC(BEER JAMES A)	8/9/2019	8/9/2019
37	4	FORESCOUT TECHNOLOGIES, INC(SALEM ENRIQUE T)	8/9/2019	8/7/2019
38	4	FORESCOUT TECHNOLOGIES, INC(HARMS CHRISTOPHER)	8/16/2019	8/15/2019
39	4	FORESCOUT TECHNOLOGIES, INC(MILLIKEN DARREN J.)	8/16/2019	8/15/2019
40	4	FORESCOUT TECHNOLOGIES, INC(DEWALT DAVID G)	8/16/2019	8/15/2019
41	4	FORESCOUT TECHNOLOGIES, INC(ABREU PEDRO)	8/16/2019	8/15/2019
42	4	FORESCOUT TECHNOLOGIES, INC(ABREU PEDRO)	8/30/2019	8/30/2019
43	4	FORESCOUT TECHNOLOGIES, INC(DEWALT DAVID G)	8/30/2019	8/29/2019
44	4	FORESCOUT TECHNOLOGIES, INC(DECESARE MICHAEL)	8/30/2019	8/29/2019
45	4	FORESCOUT TECHNOLOGIES, INC(SALEM ENRIQUE T)	9/4/2019	9/4/2019
46	4	FORESCOUT TECHNOLOGIES, INC(ABREU PEDRO)	9/4/2019	9/3/2019
47	4	FORESCOUT TECHNOLOGIES, INC(HARMS CHRISTOPHER)	9/13/2019	9/13/2019
48	4	FORESCOUT TECHNOLOGIES, INC(MILLIKEN DARREN J.)	9/13/2019	9/13/2019
49	4	FORESCOUT TECHNOLOGIES, INC(DECESARE MICHAEL)	9/17/2019	9/16/2019
50	4	FORESCOUT TECHNOLOGIES, INC(ABREU PEDRO)	9/27/2019	9/27/2019
51	4	FORESCOUT TECHNOLOGIES, INC(SALEM ENRIQUE T)	10/4/2019	10/2/2019

**Exhibit 6****Forescout Technologies, Inc.****List of SEC Filings**Source: Edgar Pro (<http://pro.edgar-online.com/>)

Count	Form Type	Company (Filer)	Received	Period
52	4	FORESCOUT TECHNOLOGIES, INC(YESHURUN YEHEZKEL)	10/9/2019	10/7/2019
53	4	FORESCOUT TECHNOLOGIES, INC(JENSEN MARK EDWIN)	10/9/2019	10/7/2019
54	4	FORESCOUT TECHNOLOGIES, INC(BEER JAMES A)	10/9/2019	10/7/2019
55	8-K	FORESCOUT TECHNOLOGIES, INC	10/10/2019	10/10/2019
56	4	FORESCOUT TECHNOLOGIES, INC(MILLIKEN DARREN J.)	10/11/2019	10/11/2019
57	4	FORESCOUT TECHNOLOGIES, INC(HARMS CHRISTOPHER)	10/16/2019	10/15/2019
58	SC 13D	FORESCOUT TECHNOLOGIES, INC(JERICHO CAPITAL ASSET MANAGEMENT L.P.)	10/21/2019	
59	SC 13D	FORESCOUT TECHNOLOGIES, INC(CORVEX MANAGEMENT LP)	10/21/2019	
60	3	FORESCOUT TECHNOLOGIES, INC(JERICHO CAPITAL ASSET MANAGEMENT L.P.)	10/28/2019	10/18/2019
61	3	FORESCOUT TECHNOLOGIES, INC(MEISTER KEITH A.)	10/28/2019	10/18/2019
62	4	FORESCOUT TECHNOLOGIES, INC(ABREU PEDRO)	11/1/2019	10/31/2019
63	10-Q	FORESCOUT TECHNOLOGIES, INC	11/6/2019	9/30/2019
64	8-K	FORESCOUT TECHNOLOGIES, INC	11/6/2019	11/6/2019
65	4	FORESCOUT TECHNOLOGIES, INC(MILLIKEN DARREN J.)	11/8/2019	11/8/2019
66	4	FORESCOUT TECHNOLOGIES, INC(SALEM ENRIQUE T)	11/8/2019	11/6/2019
67	SC 13G	FORESCOUT TECHNOLOGIES, INC(WELLINGTON MANAGEMENT GROUP LLP)	11/8/2019	
68	4	FORESCOUT TECHNOLOGIES, INC(DEWALT DAVID G)	11/12/2019	11/11/2019
69	4	FORESCOUT TECHNOLOGIES, INC(HARMS CHRISTOPHER)	11/15/2019	11/15/2019
70	4	FORESCOUT TECHNOLOGIES, INC(BEER JAMES A)	11/15/2019	11/15/2019
71	4	FORESCOUT TECHNOLOGIES, INC(ABREU PEDRO)	11/21/2019	11/21/2019
72	4	FORESCOUT TECHNOLOGIES, INC(YESHURUN YEHEZKEL)	11/21/2019	11/19/2019
73	4	FORESCOUT TECHNOLOGIES, INC(DECESARE MICHAEL)	11/21/2019	11/19/2019
74	4	FORESCOUT TECHNOLOGIES, INC(BEER JAMES A)	11/21/2019	11/19/2019
75	8-K	FORESCOUT TECHNOLOGIES, INC	11/25/2019	11/20/2019
76	4	FORESCOUT TECHNOLOGIES, INC(ABREU PEDRO)	12/2/2019	11/29/2019
77	4	FORESCOUT TECHNOLOGIES, INC(SALEM ENRIQUE T)	12/6/2019	12/4/2019
78	4	FORESCOUT TECHNOLOGIES, INC(HARMS CHRISTOPHER)	12/13/2019	12/13/2019
79	4	FORESCOUT TECHNOLOGIES, INC(MILLIKEN DARREN J.)	12/13/2019	12/13/2019
80	4	FORESCOUT TECHNOLOGIES, INC(DECESARE MICHAEL)	12/17/2019	12/16/2019
81	4	FORESCOUT TECHNOLOGIES, INC(ABREU PEDRO)	12/30/2019	12/30/2019
82	4	FORESCOUT TECHNOLOGIES, INC(MILLIKEN DARREN J.)	1/10/2020	1/10/2020
83	4	FORESCOUT TECHNOLOGIES, INC(SALEM ENRIQUE T)	1/10/2020	1/8/2020
84	4	FORESCOUT TECHNOLOGIES, INC(HARMS CHRISTOPHER)	1/17/2020	1/15/2020
85	SC 13G/A	FORESCOUT TECHNOLOGIES, INC(WELLINGTON MANAGEMENT GROUP LLP)	1/27/2020	
86	4	FORESCOUT TECHNOLOGIES, INC(ABREU PEDRO)	1/31/2020	1/31/2020
87	DEFA14A	FORESCOUT TECHNOLOGIES, INC	2/6/2020	
88	DEFA14A	FORESCOUT TECHNOLOGIES, INC	2/6/2020	
89	DEFA14A	FORESCOUT TECHNOLOGIES, INC	2/6/2020	
90	DEFA14A	FORESCOUT TECHNOLOGIES, INC	2/6/2020	
91	8-K	FORESCOUT TECHNOLOGIES, INC	2/6/2020	2/6/2020
92	SC 13D/A	FORESCOUT TECHNOLOGIES, INC(JERICHO CAPITAL ASSET MANAGEMENT L.P.)	2/7/2020	
93	SC 13D/A	FORESCOUT TECHNOLOGIES, INC(CORVEX MANAGEMENT LP)	2/7/2020	
94	4	FORESCOUT TECHNOLOGIES, INC(SALEM ENRIQUE T)	2/7/2020	2/5/2020
95	SC 13G	FORESCOUT TECHNOLOGIES, INC(BLACKROCK INC.)	2/7/2020	
96	DEFA14A	FORESCOUT TECHNOLOGIES, INC	2/7/2020	
97	8-K	FORESCOUT TECHNOLOGIES, INC	2/7/2020	2/6/2020
98	SC 13G/A	FORESCOUT TECHNOLOGIES, INC(PITANGO VENTURE CAPITAL FUND III (USA) L.P.)	2/12/2020	

**Exhibit 6****Forescout Technologies, Inc.****List of SEC Filings**Source: Edgar Pro (<http://pro.edgar-online.com/>)

Count	Form Type	Company (Filer)	Received	Period
99	4	FORESCOUT TECHNOLOGIES, INC(DEWALT DAVID G)	2/13/2020	2/11/2020
100	SC 13G/A	FORESCOUT TECHNOLOGIES, INC(AMADEUS CAPITAL PARTNERS LTD)	2/13/2020	
101	4	FORESCOUT TECHNOLOGIES, INC(MILLIKEN DARREN J.)	2/19/2020	2/14/2020
102	4	FORESCOUT TECHNOLOGIES, INC(HARMS CHRISTOPHER)	2/19/2020	2/15/2020
103	4	FORESCOUT TECHNOLOGIES, INC(DECESARE MICHAEL)	2/19/2020	2/15/2020
104	4	FORESCOUT TECHNOLOGIES, INC(ABREU PEDRO)	2/19/2020	2/15/2020
105	4	FORESCOUT TECHNOLOGIES, INC(ABREU PEDRO)	2/28/2020	2/28/2020
106	10-K	FORESCOUT TECHNOLOGIES, INC	2/28/2020	12/31/2019
107	SC 13D/A	FORESCOUT TECHNOLOGIES, INC(JERICHO CAPITAL ASSET MANAGEMENT L.P.)	3/2/2020	
108	PREM14A	FORESCOUT TECHNOLOGIES, INC	3/3/2020	3/3/2020
109	4	FORESCOUT TECHNOLOGIES, INC(SALEM ENRIQUE T)	3/6/2020	3/4/2020
110	DEFA14A	FORESCOUT TECHNOLOGIES, INC	3/9/2020	
111	8-K	FORESCOUT TECHNOLOGIES, INC	3/9/2020	3/9/2020
112	SC 13G/A	FORESCOUT TECHNOLOGIES, INC(WELLINGTON MANAGEMENT GROUP LLP)	3/9/2020	
113	4	FORESCOUT TECHNOLOGIES, INC(HARMS CHRISTOPHER)	3/16/2020	3/16/2020
114	4	FORESCOUT TECHNOLOGIES, INC(MILLIKEN DARREN J.)	3/16/2020	3/13/2020
115	4	FORESCOUT TECHNOLOGIES, INC(HARMS CHRISTOPHER)	3/16/2020	3/15/2020
116	DEFM14A	FORESCOUT TECHNOLOGIES, INC	3/24/2020	
117	4	FORESCOUT TECHNOLOGIES, INC(ABREU PEDRO)	4/1/2020	3/31/2020
118	4	FORESCOUT TECHNOLOGIES, INC(HARMS CHRISTOPHER)	4/15/2020	4/15/2020
119	4	FORESCOUT TECHNOLOGIES, INC(MILLIKEN DARREN J.)	4/15/2020	4/13/2020
120	8-K	FORESCOUT TECHNOLOGIES, INC	4/24/2020	4/23/2020
121	10-K/A	FORESCOUT TECHNOLOGIES, INC	4/29/2020	12/31/2019
122	4	FORESCOUT TECHNOLOGIES, INC(ABREU PEDRO)	5/1/2020	4/30/2020
123	SC 13G	FORESCOUT TECHNOLOGIES, INC(BERYL CAPITAL MANAGEMENT LLC)	5/1/2020	
124	10-Q	FORESCOUT TECHNOLOGIES, INC	5/11/2020	3/31/2020
125	8-K	FORESCOUT TECHNOLOGIES, INC	5/11/2020	5/11/2020
126	8-K	FORESCOUT TECHNOLOGIES, INC	5/18/2020	5/18/2020
127	4	FORESCOUT TECHNOLOGIES, INC(MILLIKEN DARREN J.)	5/19/2020	5/15/2020
128	4	FORESCOUT TECHNOLOGIES, INC(HARMS CHRISTOPHER)	5/19/2020	5/15/2020
129	4	FORESCOUT TECHNOLOGIES, INC(DECESARE MICHAEL)	5/19/2020	5/15/2020
130	4	FORESCOUT TECHNOLOGIES, INC(ABREU PEDRO)	5/19/2020	5/15/2020
131	8-K	FORESCOUT TECHNOLOGIES, INC	5/20/2020	5/19/2020

**Exhibit 7****Forescout Technologies, Inc.****Market Maker Activity from 5/2019 to 5/2020**

Source: Bloomberg ( FSCT US Equity &lt;GO&gt;, BAS &lt;GO&gt; )

Number	Code	Market Maker	Volume
1	MSCO	MORGAN STANLEY & CO., INCORPOR	32,779,836
2	UBSS	UBS SECURITIES LLC.	15,062,232
3	INCA	INSTINET CORPORATION	14,890,457
4	LEHM	BARCLAYS CAPITAL INC.	8,489,580
5	GSCO	GOLDMAN SACHS	8,371,492
6	FBCO	CREDIT SUISSE FIRST BOSTON LLC	8,321,045
7	TRCM	TRC MARKETS LLC	4,314,029
8	GSCS	GOLDMAN, SACHS & CO.	4,021,560
9	IBKR	INTERACTIVE BROKERS LLC	3,965,510
10	SBSH	CITIGROUP GLOBAL MARKETS INC.	3,297,695
11	TRBT	TRADEBOT SYSTEMS, INC.	2,660,902
12	LIME	LIME BROKERAGE LLC	2,039,750
13	DBAB	DEUTSCHE BANK SECURITIES INC.	1,993,375
14	VALR	VIRTU AMERICAS LLC	1,917,247
15	NITE	VIRTU AMERICAS LLC	1,689,592
16	CPEM	CLEARPOOL EXECUTION SERVICES, LLC	1,564,974
17	JEFF	JEFFERIES & COMPANY, INC.	1,541,227
18	JMPT	JUMP TRADING, LLC	1,473,466
19	DRWK	DRW SECURITIES, L.L.C.	1,358,135
20	IEQY	CITADEL SECURITIES LLC	1,031,914
21	GSLT	GOLDMAN SACHS & CO. LLC	983,301
22	ETDX	ELECTRONIC TRANSACTION CLEARING, INC.	956,242
23	WCHV	WELLS FARGO SECURITIES, LLC	863,639
24	INJX	INSTINET, LLC	749,360
25	QLBR	QUANTLAB BROKERAGE, LLC	725,169
26	ITGI	ITG INC.	616,691
27	ETBE	ELECTRONIC TRANSACTION CLEARING, INC.	571,831
28	BERN	SANFORD C. BERNSTEIN AND CO. I	569,647
29	FRET	FOX RIVER EXECUTION TECHNOLOGY, LLC	511,845
30	ETEJ	ELECTRONIC TRANSACTION CLEARING, INC.	416,973
31	GEBB	GLOBAL EXECUTION BROKERS, LP	350,843
32	VALX	VIRTU AMERICAS	340,161
33	GTSZ	GTS SECURITIES LLC	324,796
34	LSCI	LEK SECURITIES CORPORATION	312,283
35	WEXX	WOLVERINE EXECUTION SERVICES,	246,613
36	DUST	JUMP TRADING, LLC	201,649
37	LMGP	LIME BROKERAGE LLC	176,358
38	DFIN	ELECTRONIC BROKERAGE SYSTEMS, LLC	174,962
39	NFSC	NATIONAL FINANCIAL SERVICES LL	162,466
40	FOXB		158,747
41	NEED	NEEDHAM AND CO.	151,583
42	JONE	JONES AND ASSOCIATES INC.	150,193
43	HSBC	HSBC SECURITIES (USA) INC.	149,666
44	SPDR	SPEEDROUTE LLC	141,841
45	CLSA	CLSA AMERICAS, LLC	133,209
46	RHCO	SUNTRUST CAPITAL MARKETS, INC.	130,662
47	NQRB	BRUT, LLC	124,586
48	CPEX	CLEARPOOL EXECUTION SERVICES	123,810
49	CODA	CODA MARKETS, INC	121,123
50	SAGL	SAGETRADER, LLC	107,867

**Exhibit 7****Forescout Technologies, Inc.****Market Maker Activity from 5/2019 to 5/2020**

Source: Bloomberg ( FSCT US Equity &lt;GO&gt;, BAS &lt;GO&gt; )

Number	Code	Market Maker	Volume
51	CTDL	CITADEL DERIVATIVES GROUP LLC	107,766
52	CPET	CLEARPOOL EXECUTION SERVICES, LLC	99,670
53	ETRS	E*TRADE CLEARING LLC	84,138
54	DEGS	DART EXECUTIONS, LLC	83,071
55	BTIG	BTIG, LLC	77,516
56	WEXM	WOLVERINE EXECUTION SERVICES, LLC	68,270
57	EGAW	BATS TRADING, INC.	58,523
58	SPTD	STOCK USA INVESTMENTS	54,437
59	ETDR	ELECTRONIC TRANSACTION CLEARING, INC.	48,108
60	OHOS	TWO SIGMA SECURITIES, LLC	40,458
61	WSEA	WOLVERINE SECURITIES	36,786
62	CANT	CANTOR FITZGERALD & CO.	35,440
63	ANDG	ANDREW GARRETT, INC.	34,750
64	TSSM	TWO SIGMA SECURITIES	33,046
65	BARD	ROBERT W. BAIRD & CO. INCORPOR	28,100
66	OPCO	OPPENHEIMER & CO. INC.	23,821
67	STFL	STIFEL NICOLAUS	23,237
68	ALLN	ALLEN & COMPANY INCORPORATED	20,900
69	MKMP	MKM PARTNERS	19,337
70	DAWA	DAIWA SECURITIES AMERICA INC.	17,320
71	WABR	WALL STREET ACCESS	16,951
72	WPX	WHITE BAY PT LLC	14,232
73	HAPX	HAP TRADING, LLC	13,607
74	BMOC	BMO CAPITAL MARKETS	12,566
75	SWST	SOUTHWEST SECURITIES, INC.	11,785
76	CTDN	CITADEL SECURITIES LLC	11,575
77	LAMP	LAMPOST CAPITAL LLC	11,190
78	ETCC	ELECTRONIC TRANSACTION CLEARING, INC.	10,050
79	JNST	JANE STREET CAPITAL, LLC	9,731
80	FOMA	AMERITRADE, INC.	9,505
81	CHAS	CHARLES SCHWAB AND CO. INC.	9,162
82	ETBA	ELECTRONIC TRANSACTION CLEARING, INC.	8,950
83	GLPX	ACS EXECUTION SERVICES, LLC	8,501
84	DRWC		7,121
85	BZYD	GOLDMAN SACHS EXECUTION & CLEARING, L.P.	6,268
86	DADA	D.A. DAVIDSON AND CO.	5,000
87	WBLR	WILLIAM BLAIR & COMPANY L.L.C.	5,000
88	PICT	PICTET OVERSEAS INC.	2,720
89	BNCH	THE BENCHMARK COMPANY, LLC	2,700
90	ETFA	ELECTRONIC TRANSACTION CLEARING, INC.	2,226
91	BAYT	BAYPOINT TRADING LLC	1,600
92	RILY	B. RILEY AND CO. INC.	1,401
93	CHLM	CRAIG-HALLUM CAPITAL GROUP LLC	1,300
94	WBUL		1,273
95	CTLR	CUTLER GROUP, LP	1,100
96	DBUL	DEUTSCHE BANK SECURITIES INC.	1,100
97	JTKS		1,096
98	KING	C. L. KING & ASSOCIATES, INC.	1,000
99	WEDB	WEDBUSH MORGAN SECURITIES INC.	854
100	LIWM		340

**Exhibit 7****Forescout Technologies, Inc.****Market Maker Activity from 5/2019 to 5/2020**

Source: Bloomberg ( FSCT US Equity &lt;GO&gt;, BAS &lt;GO&gt; )

Number	Code	Market Maker	Volume
101	ETFO		226
102	VIEW	VIEWTRADE SECURITIES, INC.	150
103	KEYB	KEYBANC CAPITAL MARKETS INC.	100
104	RAJA	RAYMOND JAMES AND ASSOCIATES I	100
105	RHOX	XR SECURITIES LLC	17
106	OLDM	OLD MISSION CAPITAL, LLC	2



**Exhibit 8A****Forescout Technologies, Inc.****US Market Short Interest as a Percentage of Float**

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<b>Date</b>	<b>US Short Interest vs. Float Ratio</b>
5/15/2019	3.80%
5/31/2019	3.90%
6/14/2019	3.90%
6/28/2019	4.00%
7/15/2019	4.00%
7/31/2019	4.00%
8/15/2019	4.20%
8/30/2019	4.20%
9/13/2019	4.10%
9/30/2019	4.20%
10/15/2019	4.20%
10/31/2019	4.20%
11/15/2019	4.20%
11/29/2019	4.20%
12/13/2019	4.10%
12/31/2019	4.10%
1/15/2020	4.10%
1/31/2020	4.10%
2/14/2020	4.00%
2/28/2020	4.00%
3/13/2020	4.20%
3/31/2020	3.90%
4/15/2020	3.90%
4/30/2020	4.00%
5/15/2020	4.00%
<b>Average:</b>	<b>4.06%</b>

Source: Bloomberg Short Interest vs. Float Ratio for Total US Market (SFUSTOTL)  
Index

**Exhibit 8B****Forescout Technologies, Inc.****Short Interest**

Source: Bloomberg

Date	Short Interest	Change In Short Interest	Shares Outstanding	Float <sup>1</sup>	Short Interest as % of:	
					Shares Outstanding	Float
5/15/2019	1,628,746		45,230,000	42,317,536	3.60%	3.85%
5/31/2019	1,688,428	59,682	45,230,000	42,317,536	3.73%	3.99%
6/14/2019	1,654,707	(33,721)	45,230,000	42,317,536	3.66%	3.91%
6/28/2019	1,733,722	79,015	45,230,000	43,009,841	3.83%	4.03%
7/15/2019	1,793,372	59,650	45,230,000	43,009,841	3.97%	4.17%
7/31/2019	1,561,500	(231,872)	45,230,000	43,009,841	3.45%	3.63%
8/15/2019	1,556,868	(4,632)	46,211,000	43,990,841	3.37%	3.54%
8/30/2019	1,486,665	(70,203)	46,211,000	43,990,841	3.22%	3.38%
9/13/2019	1,717,743	231,078	46,211,000	43,990,841	3.72%	3.90%
9/30/2019	1,943,646	225,903	46,211,000	44,103,865	4.21%	4.41%
10/15/2019	2,276,418	332,772	46,211,000	44,103,865	4.93%	5.16%
10/31/2019	2,714,675	438,257	46,211,000	44,103,865	5.87%	6.16%
11/15/2019	2,598,014	(116,661)	47,173,000	45,065,865	5.51%	5.76%
11/29/2019	2,364,000	(234,014)	47,173,000	45,065,865	5.01%	5.25%
12/13/2019	1,893,904	(470,096)	47,173,000	45,065,865	4.01%	4.20%
12/31/2019	1,760,709	(133,195)	47,173,000	44,918,147	3.73%	3.92%
1/15/2020	1,621,638	(139,071)	47,173,000	44,918,147	3.44%	3.61%
1/31/2020	3,535,242	1,913,604	47,173,000	44,918,147	7.49%	7.87%
2/14/2020	3,327,917	(207,325)	48,147,000	45,892,147	6.91%	7.25%
2/28/2020	4,108,647	780,730	48,405,000	46,150,147	8.49%	8.90%
3/13/2020	5,428,602	1,319,955	48,405,000	46,150,147	11.21%	11.76%
3/31/2020	5,725,068	296,466	49,037,000	46,930,103	11.67%	12.20%
4/15/2020	7,553,704	1,828,636	49,037,000	46,930,103	15.40%	16.10%
4/30/2020	10,153,044	2,599,340	49,037,000	46,930,103	20.70%	21.63%
5/15/2020	11,817,011	1,663,967	49,265,000	47,158,103	23.99%	25.06%
<b>Average:</b>	<b>3,345,760</b>	<b>424,511</b>	<b>46,920,680</b>	<b>44,654,366</b>	<b>7.01%</b>	<b>7.35%</b>
<b>Minimum:</b>	<b>1,486,665</b>	<b>(470,096)</b>	<b>45,230,000</b>	<b>42,317,536</b>	<b>3.22%</b>	<b>3.38%</b>
<b>Maximum:</b>	<b>11,817,011</b>	<b>2,599,340</b>	<b>49,265,000</b>	<b>47,158,103</b>	<b>23.99%</b>	<b>25.06%</b>

[1] Float is equal to shares outstanding less insider holdings.

**Exhibit 9****Forescout Technologies, Inc.****Quarterly Institutional Holdings**

Source: Refinitiv Eikon

Available Shares Held by Institutions	84.9%	89.7%	91.5%	94.6%	88.6%	92.8%
Short Interest	1,047,862	1,733,722	1,943,646	1,760,709	5,725,068	10,495,855
Shares Outstanding	44,523,000	45,230,000	46,211,000	47,173,000	49,037,000	49,265,000
Shares Held by Insiders	2,912,464	2,220,159	2,107,135	2,254,853	2,106,897	2,067,649
Shares Held by Institutions	36,198,992	40,150,063	42,119,568	44,163,575	46,665,157	53,534,530
Number of Institutions With Holdings	212	193	194	199	231	222

<b>Quarter End:</b>	<b>3/31/2019</b>	<b>6/30/2019</b>	<b>9/30/2019</b>	<b>12/31/2019</b>	<b>3/31/2020</b>	<b>6/30/2020</b>
<b>Individual</b>						
Abreu (Pedro)	40,243	458	458	37,219	12,001	2,622
Beer (James Alexander)	23,660	23,745	16,245	13,233	13,233	13,233
DeCesare (Michael)	404,498	307,638	252,649	394,378	355,316	335,221
DeWalt (David G)	554,115	538,011	504,877	479,422	437,863	437,863
Elliott (Thomas Kent)	115,835	115,835	115,835	115,835	115,835	115,835
Gouw (Ranzetta Theresia)	692,883	95,758	95,758	90,873	90,873	90,873
Hackenson (Elizabeth)	0	13,833	13,833	0	0	0
Harms (Christopher D)	155,215	91,540	86,139	142,007	121,311	107,667
Jensen (Mark Edwin)	0	4,885	4,885	0	0	0
McElligott (Kathleen D)	0	13,833	13,833	0	0	0
Milliken (Darren J)	38,433	4,679	4,679	9,748	327	4,197
Patterson (Arthur C)	215,006	215,006	215,006	215,006	215,006	215,006
Salem (Enrique T)	238,873	356,350	344,350	329,873	317,873	317,873
Swartz (James R)	106,317	106,317	106,317	106,317	106,317	106,317
Yeshurun (Yehezkel Ph.D.)	327,386	332,271	332,271	320,942	320,942	320,942
<b>Institution</b>						
I3D Management LLC	0	0	0	496,900	0	0
A.R.T. Advisors, LLC	30,694	0	0	0	0	0
Acadian Asset Management LLC	5,462	0	0	0	0	0
Accelerate Financial Technologies Inc.	0	0	0	0	0	2,366
Aigen Investment Management, LP	0	0	0	0	7,612	18,699
Alberta Investment Management Corporation	0	0	0	0	15,000	0
AllianceBernstein L.P.	124,200	184,200	50,200	50,830	203,000	165,300
Allianz Global Investors GmbH	0	0	0	0	44,362	0
Allianz Global Investors U.S. LLC	695,442	836,153	806,784	0	1,652	0

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Allspring Global Investments, LLC	112,200	134,817	134,186	0	0	31,955
Alpine Associates Management Inc.	0	0	0	0	1,265,129	2,206,529
Alpine Global Management, LLC	0	0	0	0	0	100,000
Altai Capital Management, L.P.	90,000	266,010	294,685	1,496,272	15,086	1,800,000
Alyeska Investment Group, L.P.	0	0	0	0	0	499,307
Amadeus Capital Partners Limited	4,165,226	4,165,226	4,165,226	2,730,120	1,849,921	0
Amalgamated Bank Institutional Asset Management & Custody	0	7,294	7,182	7,907	7,691	0
American Portfolios Advisors, Inc	574	574	574	574	174	0
Ameritas Investment Partners, Inc.	2,474	3,483	3,483	3,483	3,761	4,246
Amundi Asset Management, SAS	0	0	0	0	82	0
Ancora Advisors, L.L.C.	0	0	0	0	4,303	0
Angel Oak Capital Advisors, LLC	0	0	0	0	2,237	2,237
Antara Capital LP	0	0	0	0	0	125,000
Aperio Group, LLC	0	3,489	0	0	0	0
AQR Capital Management, LLC	0	6,388	0	0	938,919	1,004,025
Ariel Investments, LLC	884	884	884	884	884	884
Arizona State Retirement System	0	0	0	0	8,306	0
Arrowstreet Capital, Limited Partnership	0	0	0	0	0	28,900
Assenagon Asset Management S.A.	2,932	2,658	17,798	0	12,595	0
Assured Investment Management LLC	9,842	0	0	0	0	0
Atom Investors LP	8,104	0	0	0	0	0
Balter Capital Management, LLC_NLE	18,058	11,299	11,299	11,299	11,299	11,299
Balyasny Asset Management LP	44,355	0	0	132,647	0	0
Banca del Sempione SA	0	0	0	0	2,639	2,639
Banor Capital Limited	0	0	0	0	6,811	15,516

**Exhibit 9****Forescout Technologies, Inc.****Quarterly Institutional Holdings**

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Barclays Bank PLC	35,352	37,654	22,109	42,327	108,563	124,468
Barclays Capital Inc.	0	0	0	0	0	12,300
Barclays Wealth	0	4,402	4,022	3,993	966	0
Bardin Hill Investment Partners LP	0	0	0	0	597,474	78,255
Baron Capital Management, Inc.	210,000	319,000	319,000	319,000	0	0
Bayesian Capital Management, LP	12,091	0	0	0	8,559	65,659
BDO Wealth Advisors, LLC	0	0	0	0	100	100
Beryl Capital Management, LLC	0	0	0	0	1,523,273	0
BetaShares Capital Ltd.	35,633	57,107	39,363	60,497	61,824	0
BlackRock (Netherlands) B.V.	0	5,491	5,491	5,491	5,491	0
BlackRock Advisors (UK) Limited	6,075	19,301	27,240	85,655	133,434	91,030
BlackRock Asset Management Canada Limited	626	626	626	788	788	788
BlackRock Asset Management Ireland Limited	6,075	19,301	23,783	82,198	129,977	87,573
BlackRock Financial Management, Inc.	71,601	105,107	107,043	94,538	97,227	129,187
BlackRock Institutional Trust Company, N.A.	1,714,210	2,471,489	2,602,499	2,631,388	2,687,113	2,895,001
BlackRock Investment Management (Australia) Ltd.	0	170	170	170	170	0
BlackRock Investment Management (UK) Ltd.	4,099	35,046	39,635	37,593	37,614	39,349
BlackRock Investment Management, LLC	97,005	132,412	138,779	140,569	149,112	192,625
BlackRock Japan Co., Ltd.	0	0	0	0	0	554
Blackstone Alternative Investment Advisors LLC	4,400	10,300	10,300	4,600	0	6,100
BMO Asset Management U.S.	0	36,076	34,590	0	0	0
BMO Capital Markets (US)	0	3,400	3,637	5,361	0	3,849
BNP Paribas Securities Corp. North America	6,402	3,693	6,190	6,329	26,022	81,337
BNY Mellon Asset Management	76,608	101,286	102,742	108,737	112,126	120,144
BNY Mellon Wealth Management	7,331	2,196	1,955	1,115	115	115

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BofA Global Research (US)	84,282	240,396	234,513	178,111	574,414	43,434
Boothbay Fund Management, LLC	0	34,807	43,764	0	0	0
Bradley, Foster & Sargent, Inc.	11,000	10,700	10,350	0	0	0
Brandywine Trust Company, LLC	14,137	14,137	14,137	14,137	14,137	0
BTG Pactual Asset Management US, LLC	0	0	0	0	89,352	71,258
Bullseye Asset Management LLC	0	0	0	31,745	0	0
Cadian Capital Management LP	0	0	0	0	1,078,219	0
Calamos Advisors LLC	0	0	0	0	0	132,000
California Public Employees' Retirement System	54,908	56,082	84,692	96,717	88,825	97,300
California State Teachers Retirement System	47,123	62,502	64,628	64,668	65,677	72,462
Callan LLC	21,483	0	0	0	0	0
Candriam S.A. (France)	0	0	0	0	0	157,700
Capstone Investment Advisors, LLC	0	0	0	0	300,058	57,626
Caption Management, LLC	0	0	0	0	0	85,183
Casa4Funds Luxembourg European Asset Management S.A.	0	0	0	0	0	52,018
Cathay Securities Investment Trust Co., Ltd.	0	0	0	0	66,676	0
Centiva Capital, LP	0	0	0	0	10,000	45,188
Cetera Advisor Networks LLC	0	0	0	0	0	50
Champlain Investment Partners, LLC	400	400	400	400	0	0
Charles Schwab Investment Management, Inc.	148,659	221,501	230,520	237,032	249,830	281,198
Chatham Asset Management, L.L.C.	0	0	0	0	0	10,899
Chicago Capital Management, LLC	0	0	0	0	283,374	0
CI Global Asset Management	103,006	0	0	0	0	0
CIBC Asset Management Inc.	1,351	1,351	1,351	1,611	1,611	1,611
Cigogne Management S.A.	0	0	0	0	232,725	367,292

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Cipher Capital LP	42,502	0	0	0	0	0
Citadel Advisors LLC	213,676	0	10,477	113,059	128,666	120,631
Citi Investment Research (US)	8,898	10,099	9,937	17,650	782,323	23,616
City National Rochdale, LLC	0	0	0	750	0	0
ClearBridge Investments, LLC	883,936	1,341,147	1,534,006	1,783,110	0	0
Cold Creek Capital, Inc	8,765	8,765	8,765	8,765	8,765	8,765
Columbia Threadneedle Investments (US)	192,169	588,022	1,072,108	1,460,530	133,836	0
Columbus Circle Investors	146,808	0	0	0	0	0
Cornerstone Investment Partners, LLC	764	0	0	0	0	0
Corvex Management LP	0	485,700	1,639,734	3,344,133	0	0
Cowen & Co., LLC	0	0	0	6,879	3,135	0
Cowen Investment Management LLC	0	0	0	0	98,217	2,162,045
CPP Investment Board	94,400	37,600	0	0	34,300	34,300
Credit Suisse Asset Management	8,875	126,722	13,541	17,424	19,768	40,584
Credit Suisse Asset Management, LLC (US)	0	0	0	0	0	46,791
Credit Suisse International	0	0	0	0	106,322	98,088
Credit Suisse Securities (Europe) Limited	0	21	12	0	0	0
Credit Suisse Securities (USA) LLC	9,376	3,984	9,150	4,316	209,670	291,030
Crow Point Partners, LLC_NLE	8,765	8,765	8,765	0	0	0
CSS, LLC	0	0	0	0	0	46,322
Cubist Systematic Strategies, LLC	25,772	49	1,200	2,710	0	0
Cutler Group, LP	0	0	0	1,200	0	12,789
D. E. Shaw & Co., L.P.	259,377	240,684	61,969	7,320	353,963	931,028
Danske Bank Asset Management	0	0	1,600	2,600	800	1,700
Danske Bank Oyj	0	0	900	900	900	900

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Davidson Kempner Capital Management LP	0	0	0	0	0	668,888
DBX Advisors LLC.	0	45	45	0	0	0
Dean Capital Investments Management, LLC	0	18,276	22,190	22,190	0	0
Deka Investment GmbH	0	14,920	0	14,920	14,920	14,920
Deutsche Asset Management Americas	154,697	135,297	71,902	78,543	77,464	0
Deutsche Bank Securities Inc.	20	9	0	0	0	0
Driehaus Capital Management, LLC	0	0	0	0	187,000	0
DuPont Capital Management Corporation	0	0	0	0	399,100	392,707
DWS Investment GmbH	8,840	7,889	10,503	14,185	14,185	14,185
DWS Investment Management Americas, Inc.	936	1,389	1,349	1,495	1,726	2,165
DWS Investments UK Limited	40,727	10,751	10,503	14,185	168,990	22,123
Dynamic Technology Lab Pte. Ltd.	16,029	0	0	0	0	0
Eagle Asset Management, Inc.	0	0	0	0	20,245	20,245
EAM Investors, LLC	36,959	0	0	0	0	0
EHP Funds Inc.	0	0	0	0	0	70,000
Elliott Management Corporation	0	0	0	0	0	1,904,318
Emancipation Capital, L.L.C.	22,188	0	35,000	0	0	0
Emerald Advisers LLC	1,859,551	1,918,242	1,847,711	1,423,078	0	0
Engineers Gate Manager, L.P.	98,877	14,075	0	10,619	24,515	10,200
EnTrust Global Partners LLC	0	0	0	0	0	80,617
Ersel Asset Management SGR S.p.A.	0	0	0	0	249,529	102,038
ETF Managers Group, LLC	309,991	433,985	382,405	453,293	416,651	705,705
EULAV Asset Management	28,300	36,100	39,700	39,700	39,700	39,700
Evolve Funds Group Inc	15,003	23,299	19,660	20,294	20,082	23,370
ExodusPoint Capital Management, LP	0	0	0	0	7,108	19,736



**Exhibit 9****Forescout Technologies, Inc.****Quarterly Institutional Holdings**

Source: Refinitiv Eikon

Available Shares Held by Institutions	84.9%	89.7%	91.5%	94.6%	88.6%	92.8%
Short Interest	1,047,862	1,733,722	1,943,646	1,760,709	5,725,068	10,495,855
Shares Outstanding	44,523,000	45,230,000	46,211,000	47,173,000	49,037,000	49,265,000
Shares Held by Insiders	2,912,464	2,220,159	2,107,135	2,254,853	2,106,897	2,067,649
Shares Held by Institutions	36,198,992	40,150,063	42,119,568	44,163,575	46,665,157	53,534,530
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<b>Quarter End:</b>	<b>3/31/2019</b>	<b>6/30/2019</b>	<b>9/30/2019</b>	<b>12/31/2019</b>	<b>3/31/2020</b>	<b>6/30/2020</b>
Farallon Capital Management, L.L.C.	0	0	0	0	875,000	1,305,000
Federated Hermes Global Investment Management Corp.	165,000	303,479	303,479	303,479	0	239
Federated Hermes Investment Counseling	0	18,660	16,178	16,178	0	0
Federated Hermes Investment Management Company	0	27,979	27,979	27,979	0	239
Fidelity Management & Research Company LLC	0	10	275	54,174	0	0
First Private Investment Management KAG mbH	0	0	0	0	0	68,382
First Republic Investment Management, Inc.	12,738	0	0	0	0	0
First Trust Advisors L.P.	320,717	567,966	416,240	632,860	694,169	0
Florida State Board of Administration	9,020	11,670	12,452	12,622	12,622	14,281
FNY Investment Advisers LLC	0	0	0	12,550	67,227	19,726
Fora Capital LLC	0	0	0	0	691	0
Fox Run Management, L.L.C.	14,012	0	0	7,101	0	0
Franklin Mutual Advisers, LLC	0	0	0	2,459	2,588	3,359
G2 Investment Partners Management LLC	45,000	66,753	0	0	0	0
Gabelli Funds, LLC	0	0	0	0	587,822	656,280
Gardner Lewis Asset Management, L.P.	0	0	0	0	809,507	1,006,797
Geode Capital Management, L.L.C.	323,802	480,577	501,314	517,471	584,169	631,841
Gilder Gagnon Howe & Co. LLC	427,929	425,733	426,444	326,031	40,927	0
Glazer Capital, LLC	0	0	0	0	267,497	0
GLG Partners LP	0	0	0	0	100,922	30,506
Goldman Sachs & Company, Inc.	134,027	27,741	133,644	103,361	722,476	418,958
Goldman Sachs Asset Management, L.P.	589,291	407,441	349,589	61,621	13,216	10,628
Gotham Asset Management, LLC	0	0	0	0	45	45
Graubündner Kantonalbank	0	0	0	36	41	35
Group One Trading, L.P.	882	0	530	32,888	0	204,203

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GSA Capital Partners LLP	8,646	0	0	0	0	0
Guggenheim Investments	443	634	506	0	18,754	46,606
GWL Investment Management Ltd.	2,399	4,185	0	2,258	2,258	0
GWM Asset Management, Ltd.	0	0	0	0	0	35,000
Hamblin Watsa Investment Counsel Ltd.	0	0	0	0	18,500	0
Hamilton Lane Advisors, LLC	51,912	51,912	31,912	31,912	31,912	0
Handelsbanken Kapitalförvaltning AB	0	2,900	5,400	5,400	5,400	5,400
HAP Trading, LLC	0	0	0	35,623	0	33,885
Harel Insurance Investments and Financial Services Ltd	0	6,500	2,813	0	0	0
Harris Associates L.P.	800	800	800	800	800	800
Harvest Management, LLC	0	0	0	0	17,500	40,000
Havens Advisors, L.L.C.	0	0	0	0	0	43,198
HBK Investments, L.P.	8,300	0	0	0	0	0
Holocene Advisors, LP	0	0	11,742	63,332	0	0
HOOPP Investment Management	0	0	0	0	1,211,360	1,309,226
Hotchkis and Wiley Capital Management, LLC	1,060	0	0	0	0	0
Howe and Rusling, Inc.	0	1,170	1,170	1,170	1,170	1,170
HRT Financial LP	0	0	8,276	0	0	0
Hudson Bay Capital Management LP	0	0	0	0	26,000	0
IBK Asset Management Co., Ltd.	4,489	0	0	0	0	0
IndexIQ Advisors LLC	0	0	0	0	233,890	860,825
Invesco Advisers, Inc.	22,421	21,701	20,289	7,106	2,944	0
Invesco Capital Management LLC	0	0	92	102	7,211	0
IQ EQ Fund Management (Ireland) Limited	0	0	0	0	0	14,618
Islet Management, LP	0	50,000	145,000	150,000	196,500	0

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J O Hambro Capital Management Limited	45,303	71,086	67,622	0	0	0
J. Goldman & Co., L.P.	186,233	620,898	565,443	281,337	0	0
J.P. Morgan Securities LLC	184,221	198,575	252,767	126,855	0	66,237
J.P. Morgan Securities plc	2,810	29,681	31,734	57,436	18,572	38
Jacobs Levy Equity Management, Inc.	151,292	151,432	20,650	98,239	0	0
Jane Street Capital, L.L.C.	0	0	0	0	48,467	0
Jefferies LLC	0	0	0	0	188,165	14,100
Jennison Associates LLC	0	603,498	249,016	0	0	0
Jericho Capital Asset Management L.P.	3,087,794	3,343,794	3,345,094	3,345,094	0	0
JP Morgan Asset Management	0	0	0	27,900	348,148	0
JPMorgan Asset Management U.K. Limited	0	0	0	11,400	137,072	0
JPMorgan Private Bank (United States)	43,236	11,151	13,597	49,818	574,222	16,164
JS Capital Management LLC	0	0	175,000	475,000	0	0
K2 Advisors L.L.C.	0	0	0	0	84,096	10,279
KBC Group NV	7,907	7,907	7,907	10,030	10,030	54,977
Keebeck Alpha, LP	0	0	0	0	0	13,741
Kellner Capital, LLC	0	0	0	0	373,800	398,800
Kentucky Teachers' Retirement System	34,229	34,175	30,436	21,957	0	0
Kinea Investimentos Ltda.	0	0	0	0	16,938	0
KLP Fondsforvaltning AS	0	0	0	0	0	4,700
Koch Industries, Inc.	0	0	0	0	0	120,000
Kornitzer Capital Management Inc.	240,965	211,415	107,185	0	0	0
L2 Asset Management, LLC	0	0	0	0	22	24
Ladenburg Thalmann Asset Management Inc. (LTAM)	550	550	550	601	601	601
Laffitte Capital Management	0	0	0	0	0	68,167

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Laurion Capital Management LP	0	0	0	12,700	65,990	0
Lazard Asset Management, L.L.C.	0	0	0	0	32,169	73,402
Leap Investments LP	0	0	0	6,985	0	0
Legal & General Investment Management Ltd.	851,525	683,897	733,737	879,479	1,233,114	13,038
Levin Capital Strategies, L.P.	0	0	0	12,000	0	0
LMR Partners LLP	0	0	0	0	0	246,500
Lombard Odier Asset Management (Europe) Ltd	0	0	0	0	0	385
Lombard Odier Asset Management (USA) Corp.	0	0	0	0	0	140,000
Loomis, Sayles & Company, L.P.	0	0	0	0	204,548	10,500
Los Angeles Capital Management LLC	13,975	11,985	0	0	100	100
LSV Asset Management	5,015	0	0	0	0	0
MacKay Shields LLC	0	0	0	0	2,300	0
Macquarie Investment Management	36,143	0	0	0	0	0
Macquarie Investment Management Global Ltd.	5,000	0	0	0	0	0
Macquarie Investment Management Ltd.(Sibling)	5,000	0	0	0	0	0
MAI Capital Management, LLC	0	0	0	0	11,730	0
Managed Account Advisors LLC	34,177	328,211	333,463	327,996	73	0
Manulife Investment Management (North America) Limited	193,038	228,747	258,409	234,044	27,297	28,628
Maplelane Capital, LLC	0	40,290	0	0	0	0
Marshall Wace LLP	0	85,068	47,782	47,971	199,306	830,008
Mason Capital Partners	17,790	18,775	18,890	18,890	18,850	0
Maven Investment Partners Ltd	0	0	0	0	11,502	0
Meitav Dash Investments Ltd.	33,546	45,341	48,357	51,900	42,294	0
Mellon Investments Corporation	31,651	44,413	49,004	44,568	44,682	30,899
Melqart Asset Management (UK) Limited	0	0	0	0	1,294,617	1,880,926

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Menta Capital LLC	0	6,900	6,900	6,900	6,900	6,900
MetLife Investment Management, LLC	13,416	0	18,197	18,197	18,197	21,508
Metropolitan Life Insurance Co. (US)	9,474	10,270	13,165	13,165	13,165	14,852
MFS Investment Management	26,315	30,575	34,413	0	0	0
Migdal Insurance and Financial Holdings Ltd	11,143	11,143	11,996	14,328	3,915	0
Millennium Management LLC	223,825	0	10,249	299,651	72,304	315,295
Millrace Asset Group, Inc.	46,886	30,621	63,502	0	0	0
Mint Tower Capital Management B.V.	0	0	0	0	4,000	0
Mirador Capital Partners LP	27,268	67,037	71,460	59,286	0	0
Mirae Asset Global Investments (USA) LLC	35,633	57,107	39,363	61,654	66,221	0
Moab Capital Partners, LLC	0	0	0	0	168,342	0
Monashee Investment Management, LLC	41,900	50,000	0	0	0	0
Moore Capital Management, LP	290,000	0	0	0	80,000	0
Morgan Dempsey Capital Management, LLC	0	0	0	0	150	0
Morgan Stanley & Co. LLC	131,308	173,917	11,822	109,663	673,605	1,397,868
Morgan Stanley Investment Management Inc. (US)	100	100	300	300	314	573
Morgan Stanley Smith Barney LLC	71,367	155,524	149,702	152,843	28,268	18,933
Mosaic Family Wealth, LLC	167	0	0	0	0	0
MUFG Securities EMEA plc	101,600	101,600	0	0	0	0
Neuberger Berman Asset Management Ireland Ltd	0	0	2,600	2,600	0	0
Neuberger Berman, LLC	0	0	0	187,400	370,041	0
New Jersey Division of Investment	5,000	0	60,200	0	0	0
New York State Common Retirement Fund	115,118	124,818	97,205	40,300	40,300	45,000
Nicholas Investment Partners, L.P.	135,504	134,506	109,386	0	0	0
Nomura Securities Co., Ltd.	0	0	0	727,593	3,759	160,861

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Nordea Funds Oy	0	107,042	107,146	0	0	0
Nordea Investment Management AB (Denmark)	0	3,664	4,159	0	0	0
Norges Bank Investment Management (NBIM)	0	0	0	92,960	0	319,000
North Run Capital, LP	240,000	412,500	380,000	315,000	0	0
Northern Trust Global Investments	23,588	24,367	32,960	29,812	44,416	48,361
Northern Trust Global Investments Limited	1,843	3,672	4,347	5,589	5,589	5,589
Northern Trust Investments, Inc.	337,799	374,557	469,515	458,022	463,838	525,059
Northwestern Mutual Capital, LLC	384	384	384	384	384	384
NumerixS Quant	0	2,300	0	0	0	0
Nuveen LLC	508,421	394,046	168,791	168,087	173,228	182,166
Oberweis Asset Management, Inc.	3,200	0	0	0	0	0
Ohio Public Employees Retirement System	0	0	0	0	0	84,000
Omni Partners LLP	0	0	0	0	320,452	235,007
Ontario Teachers' Pension Plan Board	0	0	0	0	0	40,000
Orion Portfolio Solutions, LLC	0	0	0	8	0	0
Osaic Holdings, Inc.	23,315	217	212	140	140	650
Ostrum Asset Management	33,868	0	27,948	26,744	317,394	131,702
Ovata Capital Management Limited	0	0	0	0	0	186,324
OxFORD Asset Management	25,970	0	0	29,754	399,580	399,580
P. Schoenfeld Asset Management LP	0	0	0	0	236,300	325,000
Paloma Partners Management Company	0	0	0	15,991	0	215,585
PanAgora Asset Management Inc.	0	0	0	0	2,845	2,845
Parallax Volatility Advisers, L.P.	3,400	33,748	31,240	0	305	55,229
Parallel Advisors, LLC	2,445	2,645	770	770	817	770
Parametric Portfolio Associates LLC	32,492	12,290	14,715	15,378	12,667	13,369

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PDT Partners, LLC	61,100	61,116	28,308	7,943	0	0
Peak 6 Capital Management, LLC	0	0	0	0	6,613	0
Pentwater Capital Management LP	0	0	0	0	290,200	405,000
Peregrine Capital Management, LLC	36,143	0	0	0	0	0
PGIM Quantitative Solutions LLC	5,887	0	0	418	446	0
Phoenix Investment and Finances Ltd	17,311	18,566	19,112	19,049	77,375	112,346
Pictet Asset Management Ltd.	0	0	0	0	1,200	0
Pitango Venture Capital	3,780,391	3,024,313	3,024,313	2,874,313	2,874,313	2,874,313
PNC Investments LLC	513	348	439	262	0	0
Point72 Asset Management, L.P.	929,947	7,732	548,661	752,899	0	0
Point72 Hong Kong Limited	44	138	0	37	0	0
Polar Capital LLP	91,636	190,132	201,382	0	0	0
Prelude Capital Management, LLC	3,510	3,187	2,538	4,324	213,877	295,846
PRIMECAP Management Company	0	0	737,650	791,750	427,700	377,700
Principal Global Investors (Equity)	5,774	0	0	155,793	4,557	7,936
ProFund Advisors LLC	712	800	1,205	951	878	815
ProShare Advisors LLC	3,341	3,261	4,726	5,740	6,798	12,301
Psagot Investment House Ltd.	1,100	1,153	766	555	475	0
Putnam Investment Management, L.L.C.	0	0	0	0	9,076	169,459
Quadrature Capital LLP	8,127	0	0	0	0	0
Quantamental Technologies LLC	4,743	271	0	0	0	0
Quantbot Technologies, LP	15	9,756	0	0	0	0
Quantinno Capital Management LP	6,894	0	0	0	0	0
Quinn Opportunity Partners LLC	0	0	0	0	34,186	0
Ranger Global Real Estate Advisors, LLC.	127	127	127	887	4,700	4,700

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Raymond James & Associates, Inc.	37,807	46,640	46,095	43,205	16,790	13,640
RBC Capital Markets Wealth Management	0	0	116	62	7,752	3,084
RBC Capital Partners	0	0	0	2,886	0	18,135
RBC Dominion Securities, Inc.	0	0	0	0	0	3,400
Redwood Investment Management, LLC	0	0	0	36,595	0	0
Redwood Investments, LLC	50,702	30,058	19,803	0	0	0
Renaissance Technologies LLC	235,300	7,100	0	0	0	0
Rhumblin Advisers Ltd. Partnership	40,212	50,493	51,083	53,794	58,281	74,172
RMC Investment Advisors	300	300	300	300	300	300
Rockefeller Capital Management	0	198,862	287,312	392,168	397,113	400,787
Royce Investment Partners	54,000	59,000	59,000	0	0	0
Russell Investments Trust Company	0	0	2,032	5,540	2,032	3,338
S. Muoio & Co. LLC	0	0	0	0	72,784	82,784
Sachem Head Capital Management LP	0	0	0	1,550,000	0	0
Sand Grove Capital Management LLP	0	0	0	0	1,895,775	2,294,463
Schonfeld Strategic Advisors LLC	9,600	0	0	0	0	14,371
Schweizerische Nationalbank	43,000	59,800	63,500	66,300	68,600	0
ScienCast Management LP	9,635	0	0	0	0	0
SEB Investment Management AB	0	0	0	0	30,000	13,600
Segantii Capital Management Limited	0	0	0	0	0	786,717
SEI Investments Management Corporation	9,548	0	0	0	9,076	169,459
Seven Eight Capital, LP	26,200	0	0	21,799	0	0
SG Americas Securities, L.L.C.	3,365	0	0	15,627	74,674	123,773
Simplex Trading, LLC	0	294	3,822	29,727	29,295	2,122
Soros Fund Management, L.L.C.	0	0	0	0	16,314	0



**Exhibit 9****Forescout Technologies, Inc.****Quarterly Institutional Holdings**

Source: Refinitiv Eikon

Available Shares Held by Institutions	84.9%	89.7%	91.5%	94.6%	88.6%	92.8%
Short Interest	1,047,862	1,733,722	1,943,646	1,760,709	5,725,068	10,495,855
Shares Outstanding	44,523,000	45,230,000	46,211,000	47,173,000	49,037,000	49,265,000
Shares Held by Insiders	2,912,464	2,220,159	2,107,135	2,254,853	2,106,897	2,067,649
Shares Held by Institutions	36,198,992	40,150,063	42,119,568	44,163,575	46,665,157	53,534,530
Number of Institutions With Holdings	212	193	194	199	231	222

<b>Quarter End:</b>	<b>3/31/2019</b>	<b>6/30/2019</b>	<b>9/30/2019</b>	<b>12/31/2019</b>	<b>3/31/2020</b>	<b>6/30/2020</b>
Sphera Funds Management Ltd.	75,625	172,846	173,696	137,021	0	0
Spring Creek Capital LLC (Kim LLC) (Sibling)	0	0	0	0	0	120,000
Squarepoint Capital LLP	13,210	66,158	0	0	0	0
SSI Investment Management LLC	0	0	0	0	54,271	0
State of Wisconsin Investment Board	182,600	184,650	184,650	184,650	305,061	324,714
State Street Global Advisors (UK) Ltd.	8,973	8,973	8,973	8,973	8,973	8,973
State Street Global Advisors (US)	613,134	809,810	846,506	887,426	901,288	1,002,124
State Street Global Advisors Ireland Limited	7,833	11,836	15,703	16,059	14,929	18,915
State Teachers Retirement System of Ohio	0	0	16,100	3,300	0	0
Sun Life Assurance Company of Canada (Toronto)	3,441	3,441	3,461	0	0	0
SunAmerica Asset Management, LLC	19,626	25,813	26,190	26,511	25,581	29,392
Susquehanna International Group, LLP	18,247	35,072	44,539	70,500	13,401	94,041
Swedbank Robur Fonder AB	277,500	440,000	440,000	0	0	0
Sygnia Asset Management	5,436	0	0	0	0	0
Symmetry Peak Management, LLC	14,500	0	0	0	0	0
T. Rowe Price Associates, Inc.	36,625	36,040	23,450	0	2,915	12,171
Taylor Frigon Capital Management LLC	0	58,026	57,453	56,229	0	0
TCI Wealth Advisors, Inc.	6	0	0	0	0	0
Teton Advisors, Inc.	0	0	0	18,400	0	0
The Vanguard Group, Inc.	1,436,474	1,835,452	1,980,764	1,988,843	2,083,258	2,408,576
Thompson, Davis & Co., Inc. (Asset Management)	2,625	2,625	2,625	2,625	2,625	2,625
TIG Advisors, L.L.C.	0	0	0	0	785,258	917,590
Tokio Marine Asset Management Co., Ltd.	0	0	0	0	208,951	0
Tower Research Capital LLC	1,063	0	652	0	0	15,418
Trexquant Investment LP	15,481	0	0	7,609	0	0

**Exhibit 9****Forescout Technologies, Inc.****Quarterly Institutional Holdings**

Source: Refinitiv Eikon

Available Shares Held by Institutions	84.9%	89.7%	91.5%	94.6%	88.6%	92.8%
Short Interest	1,047,862	1,733,722	1,943,646	1,760,709	5,725,068	10,495,855
Shares Outstanding	44,523,000	45,230,000	46,211,000	47,173,000	49,037,000	49,265,000
Shares Held by Insiders	2,912,464	2,220,159	2,107,135	2,254,853	2,106,897	2,067,649
Shares Held by Institutions	36,198,992	40,150,063	42,119,568	44,163,575	46,665,157	53,534,530
Number of Institutions With Holdings	212	193	194	199	231	222

<b>Quarter End:</b>	<b>3/31/2019</b>	<b>6/30/2019</b>	<b>9/30/2019</b>	<b>12/31/2019</b>	<b>3/31/2020</b>	<b>6/30/2020</b>
TrueWealth Management_NLE	0	0	0	116	116	0
Tudor Investment Corporation	0	22,783	73,320	28,692	0	0
Twin Capital Management, LLC	0	0	0	0	0	375,410
Twin Tree Management, LP	184	0	0	0	0	0
Two Sigma Investments, LP	535,550	589,746	420,479	263,848	163,973	491,668
Tygh Capital Management, Inc._NLE	205,559	202,586	175,627	0	0	0
U.S. Bancorp Asset Management, Inc.	26,098	30,416	26,621	30,757	34,635	26,034
UBS Asset Management (Americas), Inc.	366,173	354,397	347,190	0	0	0
UBS Asset Management (Switzerland)	10,291	10,291	10,291	13,058	18,713	19,556
UBS Asset Management (UK) Ltd.	1,233	7,700	12,409	14,899	17,518	13,441
UBS Financial Services, Inc.	99,601	90,002	113,459	147,059	178,430	2,046,883
Valeo Financial Advisors LLC	18	18	26	26	0	0
Van Eck Associates Corporation	10,235	11,821	11,861	11,893	12,313	14,897
Vanguard Investments Australia Ltd.	1,100	2,597	2,597	2,597	6,897	3,292
Veritas Investment Associates S.A.S.	0	0	0	0	0	4,800
Verition Fund Management LLC	0	0	0	158,794	0	0
Victory Capital Management Inc.	98,618	92,044	6,841	7,220	6,948	0
Viex Capital Advisors, LLC	0	0	0	0	0	156,930
Virtu Americas LLC	9,873	0	0	6,247	6,247	0
Vivaldi Asset Management, LLC	0	0	0	0	47,187	0
Voloridge Investment Management, LLC	18,911	0	0	30,975	0	228,655
Voya Investment Management LLC	12,069	15,013	15,013	20,369	21,062	16,431
Walleye Capital LLC	0	0	0	0	212,604	0
Walleye Trading, LLC	0	0	0	0	5,403	16,732
Water Island Capital, LLC	0	0	0	0	1,913,284	114,623

**Exhibit 9****Forescout Technologies, Inc.****Quarterly Institutional Holdings**

Source: Refinitiv Eikon

Available Shares Held by Institutions	84.9%	89.7%	91.5%	94.6%	88.6%	92.8%
Short Interest	1,047,862	1,733,722	1,943,646	1,760,709	5,725,068	10,495,855
Shares Outstanding	44,523,000	45,230,000	46,211,000	47,173,000	49,037,000	49,265,000
Shares Held by Insiders	2,912,464	2,220,159	2,107,135	2,254,853	2,106,897	2,067,649
Shares Held by Institutions	36,198,992	40,150,063	42,119,568	44,163,575	46,665,157	53,534,530
Number of Institutions With Holdings	212	193	194	199	231	222

<b>Quarter End:</b>	<b>3/31/2019</b>	<b>6/30/2019</b>	<b>9/30/2019</b>	<b>12/31/2019</b>	<b>3/31/2020</b>	<b>6/30/2020</b>
Weiss Multi-Strategy Advisers LLC	272,100	270,000	235,000	465,000	36,505	40,000
Weld Capital Management LLC	34,600	0	0	0	0	0
Wellington Management Company, LLP	3,785,073	4,153,695	4,344,617	3,202,023	494,545	118,926
Wells Fargo Advisors	1,400	3,254	3,799	3,852	2,743	125
Wells Fargo Bank, N.A.	16,245	31,920	41,406	22,971	22,590	74,061
Wells Fargo Securities, LLC	0	0	0	0	0	126
Westchester Capital Management, LLC	0	0	0	0	646,723	1,361,961
Westfield Capital Management Company, L.P.	1,118	1,223	1,681	1,681	1,681	1,681
Wexford Capital LP	0	86,893	112,841	0	0	0
White Square Capital LLP	0	0	0	0	0	218,681
Wolverine Asset Management, LLC	0	0	0	0	47,239	35,115
Wyss & Partner, Vermögensverwaltung und Anlageberatung AG	25,000	35,000	35,000	35,000	0	0
Xact Kapitalforvaltning AB	0	2,900	5,400	0	0	0
Yakira Capital Management, Inc.	0	0	0	0	0	64,211
Zürcher Kantonalbank (Asset Management)	1,018	3,082	2,662	2,662	2,662	3,259

**Exhibit 10A****Forescout Technologies, Inc.****Bid Ask Spreads on the Nasdaq GS**

Source: Bloomberg

	<b>FSCT</b>	<b>Nasdaq GS Sample</b>	<b>FSCT</b>	<b>Nasdaq GS Sample</b>
	Spread (\$)	Spread (\$)	Spread (%)	Spread (%)
<b>Average</b>	\$0.02	\$0.07	0.07%	0.28%
<b>Median</b>	\$0.02	\$0.05	0.05%	0.23%

<b>Forescout's Stock</b>				
<b>Date</b>	<b>Last Bid</b>	<b>Last Ask</b>	<b>Spread (\$)</b>	<b>Spread (%)</b>
5/9/2019	\$43.27	\$43.29	\$0.02	0.05%
5/10/2019	\$36.25	\$36.26	\$0.01	0.03%
5/13/2019	\$35.03	\$35.04	\$0.01	0.03%
5/14/2019	\$35.59	\$35.60	\$0.01	0.03%
5/15/2019	\$34.77	\$34.80	\$0.03	0.09%
5/16/2019	\$35.63	\$35.64	\$0.01	0.03%
5/17/2019	\$33.99	\$34.02	\$0.03	0.09%
5/20/2019	\$33.37	\$33.43	\$0.06	0.18%
5/21/2019	\$33.66	\$33.69	\$0.03	0.09%
5/22/2019	\$33.24	\$33.27	\$0.03	0.09%
5/23/2019	\$32.08	\$32.13	\$0.05	0.16%
5/24/2019	\$33.14	\$33.15	\$0.01	0.03%
5/28/2019	\$33.14	\$33.15	\$0.01	0.03%
5/29/2019	\$32.53	\$32.54	\$0.01	0.03%
5/30/2019	\$32.64	\$32.68	\$0.04	0.12%
5/31/2019	\$32.12	\$32.14	\$0.02	0.06%
6/3/2019	\$30.23	\$30.28	\$0.05	0.17%
6/4/2019	\$31.54	\$31.56	\$0.02	0.06%
6/5/2019	\$31.55	\$31.56	\$0.01	0.03%
6/6/2019	\$31.54	\$31.57	\$0.03	0.10%
6/7/2019	\$32.10	\$32.14	\$0.04	0.12%
6/10/2019	\$32.41	\$32.44	\$0.03	0.09%
6/11/2019	\$32.06	\$32.07	\$0.01	0.03%
6/12/2019	\$32.25	\$32.26	\$0.01	0.03%
6/13/2019	\$32.65	\$32.67	\$0.02	0.06%
6/14/2019	\$32.27	\$32.31	\$0.04	0.12%
6/17/2019	\$32.53	\$32.55	\$0.02	0.06%
6/18/2019	\$33.27	\$33.30	\$0.03	0.09%
6/19/2019	\$34.00	\$34.01	\$0.01	0.03%
6/20/2019	\$34.22	\$34.26	\$0.04	0.12%
6/21/2019	\$34.27	\$34.30	\$0.03	0.09%
6/24/2019	\$32.60	\$32.65	\$0.05	0.15%
6/25/2019	\$33.01	\$33.02	\$0.01	0.03%
6/26/2019	\$31.73	\$31.76	\$0.03	0.09%

**Exhibit 10A****Forescout Technologies, Inc.****Bid Ask Spreads on the Nasdaq GS**

Source: Bloomberg

	<b>FSCT</b>	<b>Nasdaq GS Sample</b>	<b>FSCT</b>	<b>Nasdaq GS Sample</b>
	Spread (\$)	Spread (\$)	Spread (%)	Spread (%)
<b>Average</b>	\$0.02	\$0.07	0.07%	0.28%
<b>Median</b>	\$0.02	\$0.05	0.05%	0.23%

<b>Forescout's Stock</b>				
<b>Date</b>	<b>Last Bid</b>	<b>Last Ask</b>	<b>Spread (\$)</b>	<b>Spread (%)</b>
6/27/2019	\$33.17	\$33.19	\$0.02	0.06%
6/28/2019	\$33.83	\$33.87	\$0.04	0.12%
7/1/2019	\$34.39	\$34.41	\$0.02	0.06%
7/2/2019	\$35.04	\$35.07	\$0.03	0.09%
7/3/2019	\$36.09	\$36.16	\$0.07	0.19%
7/5/2019	\$35.86	\$35.87	\$0.01	0.03%
7/8/2019	\$35.57	\$35.60	\$0.03	0.08%
7/9/2019	\$36.49	\$36.50	\$0.01	0.03%
7/10/2019	\$37.60	\$37.61	\$0.01	0.03%
7/11/2019	\$38.20	\$38.21	\$0.01	0.03%
7/12/2019	\$38.19	\$38.20	\$0.01	0.03%
7/15/2019	\$37.99	\$38.00	\$0.01	0.03%
7/16/2019	\$38.00	\$38.01	\$0.01	0.03%
7/17/2019	\$38.05	\$38.07	\$0.02	0.05%
7/18/2019	\$38.26	\$38.28	\$0.02	0.05%
7/19/2019	\$38.44	\$38.45	\$0.01	0.03%
7/22/2019	\$38.54	\$38.55	\$0.01	0.03%
7/23/2019	\$38.63	\$38.65	\$0.02	0.05%
7/24/2019	\$39.68	\$39.69	\$0.01	0.03%
7/25/2019	\$38.27	\$38.28	\$0.01	0.03%
7/26/2019	\$38.72	\$38.75	\$0.03	0.08%
7/29/2019	\$38.35	\$38.36	\$0.01	0.03%
7/30/2019	\$38.53	\$38.55	\$0.02	0.05%
7/31/2019	\$37.36	\$37.39	\$0.03	0.08%
8/1/2019	\$36.79	\$36.82	\$0.03	0.08%
8/2/2019	\$35.84	\$35.85	\$0.01	0.03%
8/5/2019	\$33.53	\$33.56	\$0.03	0.09%
8/6/2019	\$33.55	\$33.61	\$0.06	0.18%
8/7/2019	\$34.03	\$34.06	\$0.03	0.09%
8/8/2019	\$36.52	\$36.53	\$0.01	0.03%
8/9/2019	\$36.55	\$36.60	\$0.05	0.14%
8/12/2019	\$36.81	\$36.86	\$0.05	0.14%
8/13/2019	\$37.04	\$37.05	\$0.01	0.03%
8/14/2019	\$35.78	\$35.80	\$0.02	0.06%

**Exhibit 10A****Forescout Technologies, Inc.****Bid Ask Spreads on the Nasdaq GS**

Source: Bloomberg

	<b>FSCT</b>	<b>Nasdaq GS Sample</b>	<b>FSCT</b>	<b>Nasdaq GS Sample</b>
	Spread (\$)	Spread (\$)	Spread (%)	Spread (%)
<b>Average</b>	\$0.02	\$0.07	0.07%	0.28%
<b>Median</b>	\$0.02	\$0.05	0.05%	0.23%

<b>Forescout's Stock</b>				
<b>Date</b>	<b>Last Bid</b>	<b>Last Ask</b>	<b>Spread (\$)</b>	<b>Spread (%)</b>
8/15/2019	\$36.45	\$36.46	\$0.01	0.03%
8/16/2019	\$36.18	\$36.21	\$0.03	0.08%
8/19/2019	\$35.66	\$35.69	\$0.03	0.08%
8/20/2019	\$34.79	\$34.80	\$0.01	0.03%
8/21/2019	\$36.24	\$36.25	\$0.01	0.03%
8/22/2019	\$36.59	\$36.64	\$0.05	0.14%
8/23/2019	\$35.45	\$35.51	\$0.06	0.17%
8/26/2019	\$35.15	\$35.18	\$0.03	0.09%
8/27/2019	\$33.91	\$33.94	\$0.03	0.09%
8/28/2019	\$33.84	\$33.87	\$0.03	0.09%
8/29/2019	\$35.51	\$35.52	\$0.01	0.03%
8/30/2019	\$35.80	\$35.83	\$0.03	0.08%
9/3/2019	\$34.90	\$34.94	\$0.04	0.11%
9/4/2019	\$35.76	\$35.77	\$0.01	0.03%
9/5/2019	\$36.63	\$36.64	\$0.01	0.03%
9/6/2019	\$36.55	\$36.56	\$0.01	0.03%
9/9/2019	\$35.23	\$35.27	\$0.04	0.11%
9/10/2019	\$35.11	\$35.13	\$0.02	0.06%
9/11/2019	\$35.82	\$35.84	\$0.02	0.06%
9/12/2019	\$35.86	\$35.93	\$0.07	0.20%
9/13/2019	\$36.47	\$36.48	\$0.01	0.03%
9/16/2019	\$36.90	\$36.91	\$0.01	0.03%
9/17/2019	\$36.70	\$36.73	\$0.03	0.08%
9/18/2019	\$36.62	\$36.63	\$0.01	0.03%
9/19/2019	\$36.83	\$36.87	\$0.04	0.11%
9/20/2019	\$37.28	\$37.29	\$0.01	0.03%
9/23/2019	\$37.46	\$37.47	\$0.01	0.03%
9/24/2019	\$36.17	\$36.18	\$0.01	0.03%
9/25/2019	\$37.27	\$37.28	\$0.01	0.03%
9/26/2019	\$37.49	\$37.52	\$0.03	0.08%
9/27/2019	\$36.37	\$36.38	\$0.01	0.03%
9/30/2019	\$37.92	\$37.95	\$0.03	0.08%
10/1/2019	\$37.33	\$37.34	\$0.01	0.03%
10/2/2019	\$37.91	\$37.92	\$0.01	0.03%

**Exhibit 10A****Forescout Technologies, Inc.****Bid Ask Spreads on the Nasdaq GS**

Source: Bloomberg

	<b>FSCT</b>	<b>Nasdaq GS Sample</b>	<b>FSCT</b>	<b>Nasdaq GS Sample</b>
	Spread (\$)	Spread (\$)	Spread (%)	Spread (%)
<b>Average</b>	\$0.02	\$0.07	0.07%	0.28%
<b>Median</b>	\$0.02	\$0.05	0.05%	0.23%

<b>Forescout's Stock</b>				
<b>Date</b>	<b>Last Bid</b>	<b>Last Ask</b>	<b>Spread (\$)</b>	<b>Spread (%)</b>
10/3/2019	\$38.84	\$38.85	\$0.01	0.03%
10/4/2019	\$39.84	\$39.87	\$0.03	0.08%
10/7/2019	\$39.82	\$39.84	\$0.02	0.05%
10/8/2019	\$39.25	\$39.27	\$0.02	0.05%
10/9/2019	\$39.19	\$39.20	\$0.01	0.03%
10/10/2019	\$24.56	\$24.57	\$0.01	0.04%
10/11/2019	\$25.43	\$25.44	\$0.01	0.04%
10/14/2019	\$25.56	\$25.57	\$0.01	0.04%
10/15/2019	\$26.13	\$26.14	\$0.01	0.04%
10/16/2019	\$26.15	\$26.17	\$0.02	0.08%
10/17/2019	\$26.16	\$26.18	\$0.02	0.08%
10/18/2019	\$25.43	\$25.44	\$0.01	0.04%
10/21/2019	\$28.67	\$28.70	\$0.03	0.10%
10/22/2019	\$28.75	\$28.76	\$0.01	0.03%
10/23/2019	\$29.56	\$29.61	\$0.05	0.17%
10/24/2019	\$30.30	\$30.31	\$0.01	0.03%
10/25/2019	\$30.57	\$30.59	\$0.02	0.07%
10/28/2019	\$30.40	\$30.41	\$0.01	0.03%
10/29/2019	\$30.47	\$30.48	\$0.01	0.03%
10/30/2019	\$31.68	\$31.73	\$0.05	0.16%
10/31/2019	\$30.75	\$30.76	\$0.01	0.03%
11/1/2019	\$30.60	\$30.61	\$0.01	0.03%
11/4/2019	\$30.32	\$30.34	\$0.02	0.07%
11/5/2019	\$29.88	\$29.91	\$0.03	0.10%
11/6/2019	\$29.43	\$29.49	\$0.06	0.20%
11/7/2019	\$29.90	\$29.95	\$0.05	0.17%
11/8/2019	\$30.97	\$31.01	\$0.04	0.13%
11/11/2019	\$32.52	\$32.54	\$0.02	0.06%
11/12/2019	\$33.59	\$33.62	\$0.03	0.09%
11/13/2019	\$33.54	\$33.58	\$0.04	0.12%
11/14/2019	\$33.51	\$33.52	\$0.01	0.03%
11/15/2019	\$34.18	\$34.19	\$0.01	0.03%
11/18/2019	\$33.87	\$33.88	\$0.01	0.03%
11/19/2019	\$35.26	\$35.27	\$0.01	0.03%

**Exhibit 10A****Forescout Technologies, Inc.****Bid Ask Spreads on the Nasdaq GS**

Source: Bloomberg

	<b>FSCT</b>	<b>Nasdaq GS Sample</b>	<b>FSCT</b>	<b>Nasdaq GS Sample</b>
	Spread (\$)	Spread (\$)	Spread (%)	Spread (%)
<b>Average</b>	\$0.02	\$0.07	0.07%	0.28%
<b>Median</b>	\$0.02	\$0.05	0.05%	0.23%

<b>Forescout's Stock</b>				
<b>Date</b>	<b>Last Bid</b>	<b>Last Ask</b>	<b>Spread (\$)</b>	<b>Spread (%)</b>
11/20/2019	\$35.47	\$35.48	\$0.01	0.03%
11/21/2019	\$35.05	\$35.06	\$0.01	0.03%
11/22/2019	\$34.62	\$34.63	\$0.01	0.03%
11/25/2019	\$35.68	\$35.71	\$0.03	0.08%
11/26/2019	\$35.20	\$35.22	\$0.02	0.06%
11/27/2019	\$36.17	\$36.20	\$0.03	0.08%
11/29/2019	\$35.80	\$35.83	\$0.03	0.08%
12/2/2019	\$35.00	\$35.04	\$0.04	0.11%
12/3/2019	\$35.42	\$35.43	\$0.01	0.03%
12/4/2019	\$34.55	\$34.57	\$0.02	0.06%
12/5/2019	\$34.23	\$34.27	\$0.04	0.12%
12/6/2019	\$33.59	\$33.60	\$0.01	0.03%
12/9/2019	\$33.17	\$33.19	\$0.02	0.06%
12/10/2019	\$33.59	\$33.60	\$0.01	0.03%
12/11/2019	\$33.51	\$33.54	\$0.03	0.09%
12/12/2019	\$34.19	\$34.20	\$0.01	0.03%
12/13/2019	\$34.52	\$34.55	\$0.03	0.09%
12/16/2019	\$34.93	\$35.00	\$0.07	0.20%
12/17/2019	\$34.40	\$34.41	\$0.01	0.03%
12/18/2019	\$33.77	\$33.79	\$0.02	0.06%
12/19/2019	\$33.54	\$33.55	\$0.01	0.03%
12/20/2019	\$33.64	\$33.65	\$0.01	0.03%
12/23/2019	\$32.63	\$32.66	\$0.03	0.09%
12/24/2019	\$33.03	\$33.08	\$0.05	0.15%
12/26/2019	\$32.73	\$32.75	\$0.02	0.06%
12/27/2019	\$32.93	\$32.97	\$0.04	0.12%
12/30/2019	\$32.69	\$32.71	\$0.02	0.06%
12/31/2019	\$32.79	\$32.80	\$0.01	0.03%
1/2/2020	\$33.00	\$33.03	\$0.03	0.09%
1/3/2020	\$32.44	\$32.48	\$0.04	0.12%
1/6/2020	\$32.85	\$32.86	\$0.01	0.03%
1/7/2020	\$32.05	\$32.06	\$0.01	0.03%
1/8/2020	\$31.75	\$31.79	\$0.04	0.13%
1/9/2020	\$32.71	\$32.72	\$0.01	0.03%



**Exhibit 10A****Forescout Technologies, Inc.****Bid Ask Spreads on the Nasdaq GS**

Source: Bloomberg

	<b>FSCT</b>	<b>Nasdaq GS Sample</b>	<b>FSCT</b>	<b>Nasdaq GS Sample</b>
	<b>Spread (\$)</b>	<b>Spread (\$)</b>	<b>Spread (%)</b>	<b>Spread (%)</b>
<b>Average</b>	\$0.02	\$0.07	0.07%	0.28%
<b>Median</b>	\$0.02	\$0.05	0.05%	0.23%

<b>Forescout's Stock</b>				
<b>Date</b>	<b>Last Bid</b>	<b>Last Ask</b>	<b>Spread (\$)</b>	<b>Spread (%)</b>
1/10/2020	\$32.55	\$32.56	\$0.01	0.03%
1/13/2020	\$33.16	\$33.17	\$0.01	0.03%
1/14/2020	\$32.89	\$32.90	\$0.01	0.03%
1/15/2020	\$33.63	\$33.65	\$0.02	0.06%
1/16/2020	\$33.53	\$33.55	\$0.02	0.06%
1/17/2020	\$33.74	\$33.75	\$0.01	0.03%
1/21/2020	\$31.97	\$31.98	\$0.01	0.03%
1/22/2020	\$31.78	\$31.79	\$0.01	0.03%
1/23/2020	\$31.36	\$31.37	\$0.01	0.03%
1/24/2020	\$29.99	\$30.03	\$0.04	0.13%
1/27/2020	\$28.72	\$28.74	\$0.02	0.07%
1/28/2020	\$29.90	\$29.91	\$0.01	0.03%
1/29/2020	\$29.78	\$29.79	\$0.01	0.03%
1/30/2020	\$29.67	\$29.71	\$0.04	0.13%
1/31/2020	\$28.51	\$28.52	\$0.01	0.04%
2/3/2020	\$28.46	\$28.50	\$0.04	0.14%
2/4/2020	\$28.20	\$28.23	\$0.03	0.11%
2/5/2020	\$27.95	\$27.99	\$0.04	0.14%
2/6/2020	\$33.26	\$33.27	\$0.01	0.03%
2/7/2020	\$33.18	\$33.19	\$0.01	0.03%
2/10/2020	\$33.10	\$33.13	\$0.03	0.09%
2/11/2020	\$32.98	\$32.99	\$0.01	0.03%
2/12/2020	\$32.99	\$33.00	\$0.01	0.03%
2/13/2020	\$33.12	\$33.13	\$0.01	0.03%
2/14/2020	\$32.98	\$32.99	\$0.01	0.03%
2/18/2020	\$33.01	\$33.02	\$0.01	0.03%
2/19/2020	\$33.04	\$33.05	\$0.01	0.03%
2/20/2020	\$33.03	\$33.04	\$0.01	0.03%
2/21/2020	\$32.95	\$32.96	\$0.01	0.03%
2/24/2020	\$32.90	\$32.92	\$0.02	0.06%
2/25/2020	\$32.88	\$32.89	\$0.01	0.03%
2/26/2020	\$32.80	\$32.81	\$0.01	0.03%
2/27/2020	\$32.49	\$32.50	\$0.01	0.03%
2/28/2020	\$32.51	\$32.55	\$0.04	0.12%

**Exhibit 10A****Forescout Technologies, Inc.****Bid Ask Spreads on the Nasdaq GS**

Source: Bloomberg

	<b>FSCT</b>	<b>Nasdaq GS Sample</b>	<b>FSCT</b>	<b>Nasdaq GS Sample</b>
	Spread (\$)	Spread (\$)	Spread (%)	Spread (%)
<b>Average</b>	\$0.02	\$0.07	0.07%	0.28%
<b>Median</b>	\$0.02	\$0.05	0.05%	0.23%

<b>Forescout's Stock</b>				
<b>Date</b>	<b>Last Bid</b>	<b>Last Ask</b>	<b>Spread (\$)</b>	<b>Spread (%)</b>
3/2/2020	\$32.65	\$32.66	\$0.01	0.03%
3/3/2020	\$32.48	\$32.49	\$0.01	0.03%
3/4/2020	\$32.63	\$32.64	\$0.01	0.03%
3/5/2020	\$32.43	\$32.46	\$0.03	0.09%
3/6/2020	\$31.93	\$32.00	\$0.07	0.22%
3/9/2020	\$30.50	\$30.51	\$0.01	0.03%
3/10/2020	\$31.87	\$31.88	\$0.01	0.03%
3/11/2020	\$31.35	\$31.36	\$0.01	0.03%
3/12/2020	\$29.64	\$29.65	\$0.01	0.03%
3/13/2020	\$31.11	\$31.14	\$0.03	0.10%
3/16/2020	\$25.95	\$25.96	\$0.01	0.04%
3/17/2020	\$25.53	\$25.55	\$0.02	0.08%
3/18/2020	\$23.28	\$23.29	\$0.01	0.04%
3/19/2020	\$27.53	\$27.54	\$0.01	0.04%
3/20/2020	\$28.06	\$28.19	\$0.13	0.46%
3/23/2020	\$28.47	\$28.50	\$0.03	0.11%
3/24/2020	\$29.94	\$29.95	\$0.01	0.03%
3/25/2020	\$30.80	\$30.81	\$0.01	0.03%
3/26/2020	\$31.19	\$31.21	\$0.02	0.06%
3/27/2020	\$31.22	\$31.23	\$0.01	0.03%
3/30/2020	\$31.25	\$31.26	\$0.01	0.03%
3/31/2020	\$31.56	\$31.58	\$0.02	0.06%
4/1/2020	\$30.62	\$30.63	\$0.01	0.03%
4/2/2020	\$31.19	\$31.21	\$0.02	0.06%
4/3/2020	\$31.54	\$31.56	\$0.02	0.06%
4/6/2020	\$31.78	\$31.79	\$0.01	0.03%
4/7/2020	\$31.96	\$31.97	\$0.01	0.03%
4/8/2020	\$31.98	\$32.00	\$0.02	0.06%
4/9/2020	\$31.91	\$31.93	\$0.02	0.06%
4/13/2020	\$31.71	\$31.82	\$0.11	0.35%
4/14/2020	\$32.03	\$32.04	\$0.01	0.03%
4/15/2020	\$32.07	\$32.10	\$0.03	0.09%
4/16/2020	\$32.26	\$32.27	\$0.01	0.03%
4/17/2020	\$32.51	\$32.52	\$0.01	0.03%

**Exhibit 10A****Forescout Technologies, Inc.****Bid Ask Spreads on the Nasdaq GS**

Source: Bloomberg

	<b>FSCT</b>	<b>Nasdaq GS Sample</b>	<b>FSCT</b>	<b>Nasdaq GS Sample</b>
	Spread (\$)	Spread (\$)	Spread (%)	Spread (%)
<b>Average</b>	\$0.02	\$0.07	0.07%	0.28%
<b>Median</b>	\$0.02	\$0.05	0.05%	0.23%

<b>Forescout's Stock</b>				
<b>Date</b>	<b>Last Bid</b>	<b>Last Ask</b>	<b>Spread (\$)</b>	<b>Spread (%)</b>
4/20/2020	\$32.48	\$32.50	\$0.02	0.06%
4/21/2020	\$32.37	\$32.38	\$0.01	0.03%
4/22/2020	\$32.50	\$32.51	\$0.01	0.03%
4/23/2020	\$32.15	\$32.17	\$0.02	0.06%
4/24/2020	\$31.87	\$31.91	\$0.04	0.13%
4/27/2020	\$31.92	\$31.93	\$0.01	0.03%
4/28/2020	\$31.95	\$31.96	\$0.01	0.03%
4/29/2020	\$32.10	\$32.12	\$0.02	0.06%
4/30/2020	\$31.76	\$31.78	\$0.02	0.06%
5/1/2020	\$31.91	\$31.92	\$0.01	0.03%
5/4/2020	\$31.84	\$31.88	\$0.04	0.13%
5/5/2020	\$31.83	\$31.87	\$0.04	0.13%
5/6/2020	\$32.10	\$32.11	\$0.01	0.03%
5/7/2020	\$32.12	\$32.20	\$0.08	0.25%
5/8/2020	\$32.18	\$32.22	\$0.04	0.12%
5/11/2020	\$32.09	\$32.12	\$0.03	0.09%
5/12/2020	\$30.48	\$30.52	\$0.04	0.13%
5/13/2020	\$30.19	\$30.20	\$0.01	0.03%
5/14/2020	\$29.89	\$29.90	\$0.01	0.03%
5/15/2020	\$29.55	\$29.58	\$0.03	0.10%

**Exhibit 10B****Forescout Technologies, Inc.****Companies Used for Bid Ask Spread Analysis on the Nasdaq GS**

<b>Bloomberg Symbol</b>	<b>Company</b>
TWOU US Equity	2U INC
ACET US Equity	ADICET BIO INC
9990711D US Equity	ADTRAN INC
ALEC US Equity	ALECTOR INC
ALGT US Equity	ALLEGiant TRAVEL CO
ATEC US Equity	ALPHATEC HOLDINGS INC
ANAT US Equity	AMERICAN NATIONAL GROUP LLC
AMSF US Equity	AMERISAFE INC
AMKR US Equity	AMKOR TECHNOLOGY INC
ACGL US Equity	ARCH CAPITAL GROUP LTD
ARWR US Equity	ARROWHEAD PHARMACEUTICALS IN
1872828D US Equity	ASSERTIO THERAPEUTICS INC
ATNXQ US Equity	ATHENEX INC
AY US Equity	ATLANTICA SUSTAINABLE INFRAS
AVID US Equity	AVID TECHNOLOGY INC
CAR US Equity	AVIS BUDGET GROUP INC
AVT US Equity	AVNET INC
BANR US Equity	BANNER CORPORATION
BELFB US Equity	BEL FUSE INC-CL B
BRY US Equity	BERRY CORP
BPMC US Equity	BLUEPRINT MEDICINES CORP
BRKL US Equity	BROOKLINE BANCORP INC
BFST US Equity	BUSINESS FIRST BANCSHARES
CSTE US Equity	CAESARSTONE LTD
CG US Equity	CARLYLE GROUP INC/THE
CENTA US Equity	CENTRAL GARDEN AND PET CO-A
CCXI US Equity	CHEMOCENTRYX INC
KDNY US Equity	CHINOOK THERAPEUTICS INC
CME US Equity	CME GROUP INC
COMM US Equity	COMMScope HOLDING CO INC
CNSL US Equity	CONSOLIDATED COMMUNICATIONS
COST US Equity	COSTCO WHOLESALE CORP
CRNX US Equity	CRINETICS PHARMACEUTICALS IN
CSX US Equity	CSX CORP
9990201D US Equity	DIME COMMUNITY BANCSHARES
DCOM US Equity	DIME COMMUNITY BANCSHARES IN
EBIX US Equity	EBIX INC
EA US Equity	ELECTRONIC ARTS INC
ENSG US Equity	ENSIGN GROUP INC/THE
FFIN US Equity	FIRST FINL BANKSHARES INC
INBK US Equity	FIRST INTERNET BANCORP
FLIR US Equity	FLIR SYSTEMS INC

**Exhibit 10B****Forescout Technologies, Inc.****Companies Used for Bid Ask Spread Analysis on the Nasdaq GS**

<b>Bloomberg Symbol</b>	<b>Company</b>
FRPH US Equity	FRP HOLDINGS INC
GT US Equity	GOODYEAR TIRE & RUBBER CO
GSKY US Equity	GREENSKY INC-CLASS A
HLNE US Equity	HAMILTON LANE INC-CLASS A
HQY US Equity	HEALTHEQUITY INC
IBRX US Equity	IMMUNITYBIO INC
INFI US Equity	INFINITY PHARMACEUTICALS INC
KNSL US Equity	KINSALE CAPITAL GROUP INC
KRNT US Equity	KORNIT DIGITAL LTD
LSTR US Equity	LANDSTAR SYSTEM INC
LTRPA US Equity	LIBERTY TRIPADVISOR HDG-A
LQDT US Equity	LIQUIDITY SERVICES INC
MTRX US Equity	MATRIX SERVICE CO
MGTX US Equity	MEIRAGTX HOLDINGS PLC
MBWM US Equity	MERCANTILE BANK CORP
MIK US Equity	MICHAELS COS INC/THE
NHIQ US Equity	NANTHEALTH INC
NTRA US Equity	NATERA INC
NBIX US Equity	NEUROCRINE BIOSCIENCES INC
NRIM US Equity	NORTHRIM BANCORP INC
NUAN US Equity	NUANCE COMMUNICATIONS INC
OCSL US Equity	OAKTREE SPECIALTY LENDING CO
OSBC US Equity	OLD SECOND BANCORP INC
ON US Equity	ON SEMICONDUCTOR
OFIX US Equity	ORTHOFIX MEDICAL INC
PGEN US Equity	PRECIGEN INC
PSMT US Equity	PRICESMART INC
PRGS US Equity	PROGRESS SOFTWARE CORP
PRTA US Equity	PROTHENA CORP PLC
RMBS US Equity	RAMBUS INC
RNWK US Equity	REALNETWORKS INC
RDFN US Equity	REDFIN CORP
SRPT US Equity	SAREPTA THERAPEUTICS INC
SREV US Equity	SERVICESTOURCE INTERNATIONAL
SHEN US Equity	SHENANDOAH TELECOMMUNICATION
SHYF US Equity	SHYFT GROUP INC/THE
SKYW US Equity	SKYWEST INC
SUNS US Equity	SLR SENIOR INVESTMENT CORP
SND US Equity	SMART SAND INC
SWBI US Equity	SMITH & WESSON BRANDS INC
SLDB US Equity	SOLID BIOSCIENCES INC
SPTN US Equity	SPARTANNASH CO

**Exhibit 10B****Forescout Technologies, Inc.****Companies Used for Bid Ask Spread Analysis on the Nasdaq GS**

<b>Bloomberg Symbol</b>	<b>Company</b>
SBLK US Equity	STAR BULK CARRIERS CORP
STRL US Equity	STERLING INFRASTRUCTURE INC
SRGAQ US Equity	SURGALIGN HOLDINGS INC
SYKE US Equity	SYKES ENTERPRISES INC
TTWO US Equity	TAKE-TWO INTERACTIVE SOFTWARE
TSC US Equity	TRISTATE CAPITAL HLDGS INC
VREX US Equity	VAREX IMAGING CORP
VIA US Equity	VIA RENEWABLES INC
WTBA US Equity	WEST BANCORPORATION
WNEB US Equity	WESTERN NEW ENGLAND BANCORP
WIX US Equity	WIX.COM LTD
XBIT US Equity	XBIOTECH INC
YMAB US Equity	Y-MABS THERAPEUTICS INC
ZBRA US Equity	ZEBRA TECHNOLOGIES CORP-CL A
ZIXI US Equity	ZIX CORP
ZS US Equity	ZSCALER INC

**Exhibit 11A****Forescout Technologies, Inc.****Rolling Regression Model Results**

Date	Control Period Begin	Control Period End	Num Obs	Model R2	Model Adjusted R2	Standard Error	Durbin Watson	Intercept	Market <sup>1</sup>		Industry Residual <sup>2</sup>	
									Coefficient	t Statistic	Coefficient	t Statistic
5/9/2019	5/9/2018	5/8/2019	247	0.4622	0.4578	0.0200	2.105	0.03%	1.477	11.02	0.778	9.40
5/10/2019	5/10/2018	5/9/2019	247	0.4668	0.4625	0.0198	2.169	0.07%	1.498	11.25	0.763	9.33
5/13/2019	5/13/2018	5/12/2019	246	0.4683	0.4639	0.0198	2.180	0.08%	1.514	11.36	0.755	9.22
5/14/2019	5/14/2018	5/13/2019	247	0.4720	0.4676	0.0197	2.201	0.08%	1.512	11.52	0.755	9.24
5/15/2019	5/15/2018	5/14/2019	247	0.4714	0.4670	0.0197	2.198	0.09%	1.514	11.55	0.752	9.18
5/16/2019	5/16/2018	5/15/2019	247	0.4680	0.4637	0.0198	2.186	0.07%	1.514	11.50	0.750	9.08
5/17/2019	5/17/2018	5/16/2019	247	0.4696	0.4652	0.0198	2.192	0.07%	1.519	11.55	0.750	9.09
5/20/2019	5/20/2018	5/19/2019	246	0.4725	0.4682	0.0199	2.185	0.05%	1.530	11.59	0.757	9.13
5/21/2019	5/21/2018	5/20/2019	247	0.4735	0.4691	0.0199	2.193	0.05%	1.532	11.64	0.757	9.15
5/22/2019	5/22/2018	5/21/2019	247	0.4734	0.4691	0.0199	2.192	0.05%	1.535	11.67	0.756	9.13
5/23/2019	5/23/2018	5/22/2019	247	0.4726	0.4682	0.0199	2.184	0.05%	1.535	11.66	0.755	9.10
5/24/2019	5/24/2018	5/23/2019	247	0.4773	0.4730	0.0199	2.190	0.04%	1.546	11.78	0.760	9.16
5/28/2019	5/28/2018	5/27/2019	246	0.4742	0.4698	0.0200	2.183	0.06%	1.547	11.70	0.759	9.07
5/29/2019	5/29/2018	5/28/2019	247	0.4741	0.4698	0.0200	2.194	0.06%	1.542	11.71	0.760	9.11
5/30/2019	5/30/2018	5/29/2019	247	0.4753	0.4710	0.0200	2.195	0.06%	1.547	11.73	0.764	9.13
5/31/2019	5/31/2018	5/30/2019	247	0.4772	0.4730	0.0199	2.198	0.07%	1.560	11.81	0.762	9.12
6/3/2019	6/3/2018	6/2/2019	246	0.4792	0.4749	0.0199	2.194	0.07%	1.572	11.90	0.759	9.06
6/4/2019	6/4/2018	6/3/2019	247	0.4876	0.4834	0.0199	2.193	0.05%	1.579	11.96	0.773	9.44
6/5/2019	6/5/2018	6/4/2019	247	0.4914	0.4872	0.0199	2.185	0.04%	1.585	12.12	0.772	9.43
6/6/2019	6/6/2018	6/5/2019	247	0.4959	0.4918	0.0197	2.199	0.02%	1.580	12.23	0.770	9.51
6/7/2019	6/7/2018	6/6/2019	247	0.4966	0.4924	0.0197	2.202	0.02%	1.585	12.27	0.766	9.49
6/10/2019	6/10/2018	6/9/2019	246	0.4979	0.4938	0.0197	2.191	0.03%	1.586	12.30	0.767	9.48
6/11/2019	6/11/2018	6/10/2019	247	0.4978	0.4937	0.0197	2.193	0.03%	1.586	12.33	0.766	9.48
6/12/2019	6/12/2018	6/11/2019	247	0.4980	0.4939	0.0196	2.185	0.02%	1.586	12.34	0.764	9.48
6/13/2019	6/13/2018	6/12/2019	247	0.5001	0.4960	0.0196	2.104	0.02%	1.585	12.36	0.771	9.56
6/14/2019	6/14/2018	6/13/2019	247	0.5147	0.5107	0.0191	2.191	-0.01%	1.601	12.84	0.760	9.69
6/17/2019	6/17/2018	6/16/2019	246	0.5188	0.5148	0.0190	2.210	-0.03%	1.600	12.90	0.765	9.78
6/18/2019	6/18/2018	6/17/2019	247	0.5189	0.5149	0.0189	2.211	-0.02%	1.601	12.92	0.765	9.80
6/19/2019	6/19/2018	6/18/2019	247	0.5194	0.5154	0.0189	2.208	-0.03%	1.605	12.97	0.763	9.77
6/20/2019	6/20/2018	6/19/2019	247	0.5200	0.5161	0.0189	2.189	-0.02%	1.606	12.97	0.764	9.80
6/21/2019	6/21/2018	6/20/2019	247	0.5265	0.5226	0.0187	2.154	0.00%	1.605	13.15	0.764	9.92
6/24/2019	6/24/2018	6/23/2019	246	0.5316	0.5277	0.0186	2.168	0.00%	1.617	13.34	0.765	9.89
6/25/2019	6/25/2018	6/24/2019	247	0.5288	0.5249	0.0187	2.157	-0.02%	1.621	13.27	0.770	9.89
6/26/2019	6/26/2018	6/25/2019	247	0.5217	0.5178	0.0188	2.191	0.00%	1.601	13.02	0.770	9.82
6/27/2019	6/27/2018	6/26/2019	247	0.5205	0.5166	0.0189	2.198	-0.02%	1.602	12.98	0.774	9.82
6/28/2019	6/28/2018	6/27/2019	247	0.5256	0.5217	0.0189	2.218	-0.01%	1.611	13.03	0.790	10.03
7/1/2019	7/1/2018	6/30/2019	246	0.5305	0.5266	0.0188	2.225	-0.01%	1.613	13.10	0.796	10.14
7/2/2019	7/2/2018	7/1/2019	247	0.5302	0.5263	0.0188	2.222	-0.01%	1.615	13.14	0.793	10.13
7/3/2019	7/3/2018	7/2/2019	247	0.5287	0.5248	0.0188	2.222	-0.02%	1.613	13.13	0.789	10.06
7/5/2019	7/5/2018	7/4/2019	247	0.5304	0.5265	0.0188	2.216	-0.02%	1.624	13.22	0.788	10.04
7/8/2019	7/8/2018	7/7/2019	246	0.5314	0.5275	0.0188	2.220	-0.01%	1.633	13.24	0.787	10.02
7/9/2019	7/9/2018	7/8/2019	247	0.5316	0.5277	0.0188	2.221	-0.01%	1.633	13.27	0.787	10.04
7/10/2019	7/10/2018	7/9/2019	247	0.5327	0.5289	0.0188	2.185	0.00%	1.634	13.26	0.794	10.11

**Exhibit 11A****Forescout Technologies, Inc.****Rolling Regression Model Results**

Date	Control Period Begin	Control Period End	Num Obs	Model R2	Model Adjusted R2	Standard Error	Durbin Watson	Intercept	Market <sup>1</sup>		Industry Residual <sup>2</sup>	
									Coefficient	t Statistic	Coefficient	t Statistic
7/11/2019	7/11/2018	7/10/2019	247	0.5387	0.5350	0.0186	2.198	0.03%	1.644	13.48	0.791	10.17
7/12/2019	7/12/2018	7/11/2019	247	0.5391	0.5353	0.0186	2.201	0.02%	1.652	13.53	0.789	10.12
7/15/2019	7/15/2018	7/14/2019	246	0.5360	0.5322	0.0186	2.201	0.01%	1.644	13.41	0.788	10.04
7/16/2019	7/16/2018	7/15/2019	247	0.5352	0.5314	0.0186	2.198	0.01%	1.644	13.43	0.787	10.03
7/17/2019	7/17/2018	7/16/2019	247	0.5344	0.5306	0.0186	2.201	0.02%	1.642	13.41	0.785	10.01
7/18/2019	7/18/2018	7/17/2019	247	0.5336	0.5297	0.0186	2.202	0.02%	1.636	13.38	0.784	10.01
7/19/2019	7/19/2018	7/18/2019	247	0.5336	0.5298	0.0186	2.198	0.02%	1.636	13.38	0.784	10.01
7/22/2019	7/22/2018	7/21/2019	246	0.5347	0.5308	0.0186	2.199	0.02%	1.636	13.37	0.785	10.02
7/23/2019	7/23/2018	7/22/2019	247	0.5347	0.5308	0.0186	2.200	0.02%	1.636	13.40	0.785	10.04
7/24/2019	7/24/2018	7/23/2019	247	0.5351	0.5313	0.0186	2.204	0.01%	1.632	13.40	0.785	10.06
7/25/2019	7/25/2018	7/24/2019	247	0.5359	0.5321	0.0186	2.203	0.02%	1.640	13.46	0.789	10.03
7/26/2019	7/26/2018	7/25/2019	247	0.5329	0.5291	0.0187	2.194	0.01%	1.643	13.40	0.787	9.94
7/29/2019	7/29/2018	7/28/2019	246	0.5284	0.5245	0.0186	2.223	0.03%	1.629	13.33	0.783	9.73
7/30/2019	7/30/2018	7/29/2019	247	0.5285	0.5247	0.0186	2.222	0.02%	1.629	13.36	0.781	9.75
7/31/2019	7/31/2018	7/30/2019	247	0.5239	0.5200	0.0186	2.221	0.04%	1.620	13.27	0.780	9.61
8/1/2019	8/1/2018	7/31/2019	247	0.5262	0.5223	0.0186	2.200	0.04%	1.630	13.38	0.779	9.59
8/2/2019	8/2/2018	8/1/2019	247	0.5307	0.5268	0.0184	2.208	0.02%	1.633	13.60	0.768	9.54
8/5/2019	8/5/2018	8/4/2019	246	0.5336	0.5298	0.0184	2.212	0.02%	1.642	13.67	0.774	9.54
8/6/2019	8/6/2018	8/5/2019	247	0.5433	0.5396	0.0183	2.208	0.02%	1.662	14.11	0.774	9.55
8/7/2019	8/7/2018	8/6/2019	247	0.5416	0.5379	0.0183	2.197	0.00%	1.648	14.04	0.773	9.55
8/8/2019	8/8/2018	8/7/2019	247	0.5432	0.5394	0.0183	2.209	0.01%	1.650	14.07	0.776	9.60
8/9/2019	8/9/2018	8/8/2019	246	0.5441	0.5404	0.0183	2.194	0.01%	1.650	14.06	0.782	9.61
8/12/2019	8/12/2018	8/11/2019	246	0.5428	0.5390	0.0183	2.142	0.00%	1.650	14.12	0.769	9.44
8/13/2019	8/13/2018	8/12/2019	247	0.5408	0.5371	0.0183	2.132	0.01%	1.636	14.04	0.774	9.50
8/14/2019	8/14/2018	8/13/2019	247	0.5439	0.5402	0.0180	2.199	0.02%	1.616	14.11	0.771	9.59
8/15/2019	8/15/2018	8/14/2019	247	0.5601	0.5565	0.0176	2.225	0.05%	1.618	14.70	0.763	9.73
8/16/2019	8/16/2018	8/15/2019	247	0.5592	0.5556	0.0176	2.222	0.05%	1.624	14.71	0.755	9.64
8/19/2019	8/19/2018	8/18/2019	246	0.5570	0.5533	0.0177	2.237	0.04%	1.607	14.53	0.762	9.71
8/20/2019	8/20/2018	8/19/2019	247	0.5552	0.5515	0.0177	2.224	0.03%	1.591	14.42	0.769	9.82
8/21/2019	8/21/2018	8/20/2019	247	0.5540	0.5504	0.0178	2.193	0.02%	1.596	14.44	0.762	9.73
8/22/2019	8/22/2018	8/21/2019	247	0.5561	0.5525	0.0178	2.225	0.02%	1.603	14.52	0.763	9.74
8/23/2019	8/23/2018	8/22/2019	247	0.5543	0.5507	0.0178	2.224	0.02%	1.603	14.53	0.757	9.62
8/26/2019	8/26/2018	8/25/2019	246	0.5564	0.5528	0.0178	2.229	0.02%	1.590	14.56	0.762	9.63
8/27/2019	8/27/2018	8/26/2019	247	0.5554	0.5518	0.0178	2.223	0.00%	1.579	14.50	0.767	9.72
8/28/2019	8/28/2018	8/27/2019	247	0.5555	0.5519	0.0178	2.209	0.00%	1.586	14.51	0.773	9.71
8/29/2019	8/29/2018	8/28/2019	247	0.5548	0.5512	0.0178	2.219	-0.01%	1.583	14.49	0.770	9.70
8/30/2019	8/30/2018	8/29/2019	247	0.5561	0.5525	0.0179	2.204	0.00%	1.598	14.58	0.770	9.65
9/3/2019	9/3/2018	9/2/2019	246	0.5552	0.5516	0.0180	2.207	0.00%	1.597	14.54	0.768	9.59
9/4/2019	9/4/2018	9/3/2019	247	0.5563	0.5526	0.0180	2.208	-0.01%	1.600	14.60	0.769	9.62
9/5/2019	9/5/2018	9/4/2019	247	0.5578	0.5542	0.0179	2.212	0.00%	1.603	14.66	0.771	9.63
9/6/2019	9/6/2018	9/5/2019	247	0.5559	0.5522	0.0179	2.183	0.01%	1.600	14.69	0.764	9.46
9/9/2019	9/9/2018	9/8/2019	246	0.5608	0.5572	0.0178	2.206	-0.01%	1.607	14.88	0.758	9.43
9/10/2019	9/10/2018	9/9/2019	247	0.5616	0.5580	0.0178	2.200	-0.03%	1.608	14.87	0.767	9.56



**Exhibit 11A****Forescout Technologies, Inc.****Rolling Regression Model Results**

Date	Control Period Begin	Control Period End	Num Obs	Model R2	Model Adjusted R2	Standard Error	Durbin Watson	Intercept	Market <sup>1</sup>		Industry Residual <sup>2</sup>	
									Coefficient	t Statistic	Coefficient	t Statistic
9/11/2019	9/11/2018	9/10/2019	247	0.5622	0.5586	0.0178	2.201	-0.03%	1.608	14.88	0.769	9.59
9/12/2019	9/12/2018	9/11/2019	247	0.5621	0.5585	0.0178	2.201	-0.03%	1.608	14.89	0.765	9.56
9/13/2019	9/13/2018	9/12/2019	247	0.5616	0.5580	0.0178	2.198	-0.04%	1.607	14.89	0.763	9.53
9/16/2019	9/16/2018	9/15/2019	246	0.5633	0.5598	0.0178	2.193	-0.03%	1.611	14.94	0.760	9.50
9/17/2019	9/17/2018	9/16/2019	247	0.5637	0.5601	0.0177	2.198	-0.03%	1.609	14.96	0.760	9.57
9/18/2019	9/18/2018	9/17/2019	247	0.5645	0.5609	0.0177	2.206	-0.03%	1.609	14.96	0.766	9.61
9/19/2019	9/19/2018	9/18/2019	247	0.5648	0.5612	0.0177	2.212	-0.04%	1.606	14.96	0.766	9.64
9/20/2019	9/20/2018	9/19/2019	247	0.5631	0.5595	0.0177	2.200	-0.03%	1.607	14.96	0.762	9.53
9/23/2019	9/23/2018	9/22/2019	246	0.5622	0.5585	0.0177	2.206	-0.04%	1.597	14.87	0.762	9.54
9/24/2019	9/24/2018	9/23/2019	247	0.5621	0.5585	0.0176	2.207	-0.04%	1.597	14.90	0.762	9.55
9/25/2019	9/25/2018	9/24/2019	247	0.5647	0.5611	0.0176	2.208	-0.04%	1.603	14.97	0.767	9.61
9/26/2019	9/26/2018	9/25/2019	247	0.5627	0.5591	0.0177	2.202	-0.04%	1.608	14.96	0.764	9.50
9/27/2019	9/27/2018	9/26/2019	247	0.5620	0.5585	0.0177	2.211	-0.03%	1.604	14.95	0.761	9.47
9/30/2019	9/30/2018	9/29/2019	246	0.5719	0.5684	0.0175	2.263	-0.02%	1.611	15.15	0.774	9.76
10/1/2019	10/1/2018	9/30/2019	247	0.5691	0.5656	0.0176	2.246	0.00%	1.617	15.12	0.774	9.69
10/2/2019	10/2/2018	10/1/2019	247	0.5693	0.5657	0.0176	2.269	0.01%	1.620	15.22	0.762	9.54
10/3/2019	10/3/2018	10/2/2019	247	0.5666	0.5631	0.0177	2.266	0.03%	1.591	14.98	0.779	9.73
10/4/2019	10/4/2018	10/3/2019	247	0.5676	0.5641	0.0176	2.268	0.03%	1.594	15.04	0.775	9.70
10/7/2019	10/7/2018	10/6/2019	246	0.5665	0.5630	0.0176	2.283	0.05%	1.583	15.00	0.768	9.62
10/8/2019	10/8/2018	10/7/2019	247	0.5665	0.5630	0.0176	2.284	0.05%	1.583	15.03	0.768	9.65
10/9/2019	10/9/2018	10/8/2019	247	0.5640	0.5604	0.0176	2.283	0.07%	1.577	15.03	0.766	9.47
10/10/2019	10/10/2018	10/9/2019	247	0.5606	0.5570	0.0176	2.262	0.07%	1.571	14.95	0.761	9.37
10/11/2019	10/11/2018	10/10/2019	246	0.5475	0.5438	0.0175	2.269	0.08%	1.524	14.32	0.760	9.42
10/14/2019	10/14/2018	10/13/2019	245	0.5502	0.5465	0.0175	2.277	0.08%	1.549	14.40	0.762	9.41
10/15/2019	10/15/2018	10/14/2019	246	0.5502	0.5465	0.0175	2.280	0.09%	1.549	14.43	0.763	9.44
10/16/2019	10/16/2018	10/15/2019	246	0.5541	0.5505	0.0173	2.297	0.11%	1.542	14.53	0.762	9.54
10/17/2019	10/17/2018	10/16/2019	246	0.5479	0.5442	0.0173	2.288	0.10%	1.532	14.30	0.758	9.49
10/18/2019	10/18/2018	10/17/2019	246	0.5487	0.5449	0.0173	2.287	0.10%	1.531	14.31	0.759	9.51
10/21/2019	10/21/2018	10/20/2019	245	0.5488	0.5450	0.0173	2.286	0.10%	1.541	14.34	0.757	9.42
10/22/2019	10/22/2018	10/21/2019	246	0.5136	0.5096	0.0188	2.121	0.15%	1.570	13.46	0.757	8.68
10/23/2019	10/23/2018	10/22/2019	246	0.5141	0.5101	0.0188	2.270	0.15%	1.571	13.48	0.763	8.69
10/24/2019	10/24/2018	10/23/2019	246	0.5156	0.5117	0.0188	2.275	0.16%	1.571	13.48	0.771	8.78
10/25/2019	10/25/2018	10/24/2019	246	0.5054	0.5013	0.0188	2.264	0.18%	1.552	13.06	0.770	8.81
10/28/2019	10/28/2018	10/27/2019	245	0.5003	0.4962	0.0187	2.239	0.16%	1.539	12.84	0.767	8.80
10/29/2019	10/29/2018	10/28/2019	246	0.4990	0.4949	0.0187	2.236	0.15%	1.536	12.82	0.767	8.81
10/30/2019	10/30/2018	10/29/2019	246	0.5033	0.4993	0.0184	2.296	0.17%	1.522	12.88	0.770	8.97
10/31/2019	10/31/2018	10/30/2019	246	0.5108	0.5068	0.0184	2.290	0.20%	1.550	13.11	0.769	9.05
11/1/2019	11/1/2018	10/31/2019	246	0.5047	0.5006	0.0184	2.282	0.17%	1.538	12.97	0.762	8.91
11/4/2019	11/4/2018	11/3/2019	245	0.5002	0.4961	0.0185	2.251	0.17%	1.533	12.83	0.759	8.81
11/5/2019	11/5/2018	11/4/2019	246	0.4998	0.4957	0.0185	2.252	0.17%	1.531	12.83	0.760	8.84
11/6/2019	11/6/2018	11/5/2019	246	0.4989	0.4948	0.0185	2.244	0.17%	1.538	12.88	0.754	8.71
11/7/2019	11/7/2018	11/6/2019	246	0.4946	0.4905	0.0186	2.206	0.16%	1.538	12.81	0.746	8.59
11/8/2019	11/8/2018	11/7/2019	245	0.4982	0.4941	0.0185	2.217	0.17%	1.543	12.78	0.769	8.78

**Exhibit 11A****Forescout Technologies, Inc.****Rolling Regression Model Results**

Date	Control Period Begin	Control Period End	Num Obs	Model R2	Model Adjusted R2	Standard Error	Durbin Watson	Intercept	Market <sup>1</sup>		Industry Residual <sup>2</sup>	
									Coefficient	t Statistic	Coefficient	t Statistic
11/11/2019	11/11/2018	11/10/2019	245	0.4999	0.4957	0.0185	2.237	0.18%	1.546	12.78	0.775	8.86
11/12/2019	11/12/2018	11/11/2019	246	0.4912	0.4870	0.0188	2.183	0.20%	1.541	12.58	0.776	8.75
11/13/2019	11/13/2018	11/12/2019	246	0.4898	0.4856	0.0188	2.122	0.21%	1.548	12.49	0.781	8.79
11/14/2019	11/14/2018	11/13/2019	246	0.5011	0.4970	0.0184	2.146	0.23%	1.543	12.74	0.786	9.05
11/15/2019	11/15/2018	11/14/2019	246	0.5031	0.4990	0.0184	2.146	0.21%	1.553	12.84	0.782	9.01
11/18/2019	11/18/2018	11/17/2019	245	0.5045	0.5004	0.0184	2.144	0.22%	1.559	12.86	0.782	9.00
11/19/2019	11/19/2018	11/18/2019	246	0.5024	0.4983	0.0184	2.142	0.22%	1.559	12.85	0.777	8.95
11/20/2019	11/20/2018	11/19/2019	246	0.4884	0.4842	0.0185	2.153	0.25%	1.527	12.45	0.809	8.78
11/21/2019	11/21/2018	11/20/2019	246	0.4873	0.4831	0.0185	2.160	0.25%	1.535	12.42	0.809	8.76
11/22/2019	11/22/2018	11/21/2019	246	0.4854	0.4812	0.0185	2.154	0.24%	1.534	12.40	0.805	8.69
11/25/2019	11/25/2018	11/24/2019	246	0.4837	0.4794	0.0185	2.137	0.23%	1.533	12.35	0.808	8.67
11/26/2019	11/26/2018	11/25/2019	247	0.4851	0.4809	0.0185	2.150	0.24%	1.538	12.42	0.810	8.70
11/27/2019	11/27/2018	11/26/2019	247	0.4812	0.4769	0.0185	2.149	0.22%	1.525	12.26	0.808	8.72
11/29/2019	11/29/2018	11/28/2019	246	0.4792	0.4750	0.0185	2.142	0.25%	1.538	12.21	0.810	8.63
12/2/2019	12/2/2018	12/1/2019	245	0.4775	0.4731	0.0185	2.155	0.23%	1.538	12.19	0.801	8.51
12/3/2019	12/3/2018	12/2/2019	246	0.4795	0.4752	0.0185	2.155	0.22%	1.543	12.28	0.803	8.55
12/4/2019	12/4/2018	12/3/2019	246	0.4774	0.4730	0.0185	2.153	0.23%	1.535	12.19	0.805	8.57
12/5/2019	12/5/2018	12/4/2019	246	0.4684	0.4640	0.0186	2.150	0.21%	1.535	11.83	0.812	8.61
12/6/2019	12/6/2018	12/5/2019	247	0.4681	0.4637	0.0186	2.151	0.21%	1.534	11.84	0.813	8.63
12/9/2019	12/9/2018	12/8/2019	246	0.4619	0.4574	0.0186	2.144	0.19%	1.512	11.49	0.839	8.75
12/10/2019	12/10/2018	12/9/2019	247	0.4618	0.4574	0.0186	2.142	0.19%	1.514	11.52	0.839	8.75
12/11/2019	12/11/2018	12/10/2019	247	0.4579	0.4535	0.0186	2.141	0.18%	1.511	11.50	0.830	8.60
12/12/2019	12/12/2018	12/11/2019	247	0.4569	0.4525	0.0186	2.147	0.19%	1.509	11.49	0.827	8.56
12/13/2019	12/13/2018	12/12/2019	247	0.4545	0.4500	0.0186	2.128	0.18%	1.507	11.47	0.821	8.47
12/16/2019	12/16/2018	12/15/2019	246	0.4556	0.4511	0.0185	2.134	0.18%	1.491	11.32	0.832	8.67
12/17/2019	12/17/2018	12/16/2019	247	0.4557	0.4512	0.0185	2.135	0.18%	1.491	11.35	0.831	8.68
12/18/2019	12/18/2018	12/17/2019	247	0.4409	0.4363	0.0185	2.128	0.19%	1.456	10.94	0.835	8.52
12/19/2019	12/19/2018	12/18/2019	247	0.4420	0.4374	0.0185	2.104	0.19%	1.457	10.95	0.844	8.57
12/20/2019	12/20/2018	12/19/2019	247	0.4434	0.4389	0.0185	2.108	0.16%	1.482	11.08	0.835	8.46
12/23/2019	12/23/2018	12/22/2019	246	0.4248	0.4200	0.0183	2.009	0.19%	1.423	10.53	0.812	8.29
12/24/2019	12/24/2018	12/23/2019	247	0.4190	0.4143	0.0184	1.995	0.17%	1.424	10.46	0.806	8.16
12/26/2019	12/26/2018	12/25/2019	247	0.4360	0.4314	0.0180	2.050	0.13%	1.554	11.39	0.752	7.68
12/27/2019	12/27/2018	12/26/2019	247	0.4144	0.4096	0.0181	2.053	0.12%	1.566	10.67	0.753	7.67
12/30/2019	12/30/2018	12/29/2019	246	0.4159	0.4111	0.0180	2.032	0.11%	1.565	10.67	0.754	7.70
12/31/2019	12/31/2018	12/30/2019	247	0.4163	0.4115	0.0180	2.032	0.11%	1.565	10.70	0.754	7.71
1/2/2020	1/2/2019	1/1/2020	247	0.4211	0.4164	0.0179	2.052	0.12%	1.581	10.86	0.751	7.72
1/3/2020	1/3/2019	1/2/2020	247	0.4189	0.4141	0.0179	2.049	0.13%	1.578	10.86	0.741	7.61
1/6/2020	1/6/2019	1/5/2020	246	0.3977	0.3928	0.0180	2.040	0.13%	1.577	10.19	0.733	7.52
1/7/2020	1/7/2019	1/6/2020	247	0.3978	0.3929	0.0179	2.042	0.13%	1.578	10.22	0.731	7.54
1/8/2020	1/8/2019	1/7/2020	247	0.3915	0.3865	0.0180	2.026	0.11%	1.575	10.14	0.726	7.36
1/9/2020	1/9/2019	1/8/2020	247	0.3889	0.3838	0.0180	2.013	0.10%	1.568	10.06	0.730	7.35
1/10/2020	1/10/2019	1/9/2020	247	0.3960	0.3910	0.0179	2.023	0.12%	1.584	10.23	0.735	7.44
1/13/2020	1/13/2019	1/12/2020	246	0.3986	0.3937	0.0179	2.029	0.13%	1.581	10.23	0.741	7.51

**Exhibit 11A****Forescout Technologies, Inc.****Rolling Regression Model Results**

Date	Control Period Begin	Control Period End	Num Obs	Model R2	Model Adjusted R2	Standard Error	Durbin Watson	Intercept	Market <sup>1</sup>		Industry Residual <sup>2</sup>	
									Coefficient	t Statistic	Coefficient	t Statistic
1/14/2020	1/14/2019	1/13/2020	247	0.3998	0.3949	0.0179	2.029	0.13%	1.584	10.29	0.741	7.53
1/15/2020	1/15/2019	1/14/2020	247	0.3959	0.3910	0.0179	2.031	0.14%	1.575	10.22	0.735	7.45
1/16/2020	1/16/2019	1/15/2020	247	0.3976	0.3927	0.0179	2.004	0.14%	1.580	10.22	0.747	7.53
1/17/2020	1/17/2019	1/16/2020	247	0.4017	0.3968	0.0178	2.043	0.13%	1.569	10.22	0.765	7.71
1/21/2020	1/21/2019	1/20/2020	246	0.4016	0.3967	0.0177	2.049	0.13%	1.577	10.24	0.753	7.63
1/22/2020	1/22/2019	1/21/2020	247	0.3986	0.3937	0.0179	2.029	0.11%	1.590	10.21	0.758	7.58
1/23/2020	1/23/2019	1/22/2020	247	0.3962	0.3912	0.0179	2.039	0.10%	1.593	10.14	0.758	7.57
1/24/2020	1/24/2019	1/23/2020	247	0.3940	0.3890	0.0179	2.038	0.09%	1.590	10.11	0.752	7.51
1/27/2020	1/27/2019	1/26/2020	246	0.3924	0.3874	0.0181	2.011	0.06%	1.607	10.16	0.742	7.33
1/28/2020	1/28/2019	1/27/2020	247	0.3993	0.3943	0.0180	2.004	0.05%	1.629	10.41	0.743	7.34
1/29/2020	1/29/2019	1/28/2020	247	0.4015	0.3966	0.0181	2.008	0.06%	1.649	10.50	0.745	7.31
1/30/2020	1/30/2019	1/29/2020	247	0.4012	0.3963	0.0181	2.018	0.05%	1.651	10.51	0.742	7.29
1/31/2020	1/31/2019	1/30/2020	247	0.3997	0.3948	0.0181	2.015	0.05%	1.657	10.46	0.742	7.29
2/3/2020	2/3/2019	2/2/2020	246	0.4040	0.3991	0.0182	1.999	0.04%	1.667	10.60	0.746	7.23
2/4/2020	2/4/2019	2/3/2020	247	0.4021	0.3972	0.0182	1.994	0.04%	1.660	10.58	0.744	7.22
2/5/2020	2/5/2019	2/4/2020	247	0.3876	0.3826	0.0183	1.973	0.01%	1.611	10.25	0.729	7.02
2/6/2020	2/6/2019	2/5/2020	247	0.3877	0.3827	0.0183	1.987	0.01%	1.592	10.16	0.734	7.15
2/7/2020	2/7/2020	5/15/2020	68	0.3910	0.3723	0.0284	2.026	0.03%	0.532	5.73	0.544	2.99
Thereafter	2/7/2020	5/15/2020	68	0.3910	0.3723	0.0284	2.026	0.03%	0.532	5.73	0.544	2.99

[1] Market Index: S&amp;P 500

[2] Industry Index: See Exhibit 11C

**Exhibit 11B****Forescout Technologies, Inc.****Actual vs. Predicted Returns**

Date	Closing Price	Actual Return	Market Return	Industry Residual	Predicted Return	Company-Specific Return	Standard Error	t-Stat	Confidence Level
5/9/2019	\$43.30	2.58%	-0.27%	-2.47%	-2.29%	4.87%	2.00%	2.44	98.46%
5/10/2019	\$36.28	-16.21%	0.41%	-0.54%	0.26%	-16.47%	1.98%	-8.32	100.00%
5/13/2019	\$35.04	-3.42%	-2.41%	-0.19%	-3.71%	0.30%	1.98%	0.15	11.87%
5/14/2019	\$35.60	1.60%	0.81%	0.85%	1.95%	-0.36%	1.97%	-0.18	14.27%
5/15/2019	\$34.80	-2.25%	0.60%	-0.32%	0.77%	-3.01%	1.97%	-1.53	87.21%
5/16/2019	\$35.63	2.39%	0.92%	1.44%	2.54%	-0.15%	1.98%	-0.08	6.05%
5/17/2019	\$34.02	-4.52%	-0.57%	-0.99%	-1.54%	-2.98%	1.98%	-1.50	86.60%
5/20/2019	\$33.43	-1.73%	-0.67%	-0.69%	-1.51%	-0.23%	1.99%	-0.11	9.06%
5/21/2019	\$33.69	0.78%	0.85%	0.06%	1.40%	-0.62%	1.99%	-0.31	24.43%
5/22/2019	\$33.24	-1.34%	-0.28%	0.65%	0.11%	-1.45%	1.99%	-0.73	53.27%
5/23/2019	\$32.08	-3.49%	-1.18%	-1.07%	-2.58%	-0.91%	1.99%	-0.46	35.39%
5/24/2019	\$33.14	3.30%	0.15%	-0.62%	-0.19%	3.50%	1.99%	1.76	92.04%
5/28/2019	\$33.15	0.03%	-0.84%	1.43%	-0.15%	0.18%	2.00%	0.09	7.31%
5/29/2019	\$32.53	-1.87%	-0.69%	-0.73%	-1.55%	-0.32%	2.00%	-0.16	12.63%
5/30/2019	\$32.64	0.34%	0.22%	-0.65%	-0.10%	0.43%	2.00%	0.22	17.18%
5/31/2019	\$32.12	-1.59%	-1.30%	0.11%	-1.88%	0.28%	1.99%	0.14	11.35%
6/3/2019	\$30.23	-5.88%	-0.28%	-5.08%	-4.22%	-1.67%	1.99%	-0.84	59.60%
6/4/2019	\$31.56	4.40%	2.15%	0.05%	3.47%	0.93%	1.99%	0.46	35.72%
6/5/2019	\$31.56	0.00%	0.83%	-0.79%	0.75%	-0.75%	1.99%	-0.38	29.25%
6/6/2019	\$31.56	0.00%	0.64%	-1.84%	-0.39%	0.39%	1.97%	0.20	15.64%
6/7/2019	\$32.11	1.74%	1.06%	-1.40%	0.63%	1.11%	1.97%	0.57	42.77%
6/10/2019	\$32.41	0.93%	0.47%	1.21%	1.70%	-0.77%	1.97%	-0.39	30.29%
6/11/2019	\$32.07	-1.05%	-0.03%	-0.85%	-0.66%	-0.39%	1.97%	-0.20	15.55%
6/12/2019	\$32.25	0.56%	-0.20%	1.53%	0.87%	-0.31%	1.96%	-0.16	12.52%
6/13/2019	\$32.67	1.30%	0.44%	0.05%	0.76%	0.54%	1.96%	0.27	21.64%
6/14/2019	\$32.31	-1.10%	-0.15%	-0.57%	-0.68%	-0.42%	1.91%	-0.22	17.59%
6/17/2019	\$32.55	0.74%	0.09%	0.39%	0.42%	0.32%	1.90%	0.17	13.46%
6/18/2019	\$33.30	2.30%	0.97%	-0.64%	1.04%	1.26%	1.89%	0.67	49.43%
6/19/2019	\$34.00	2.10%	0.30%	1.36%	1.49%	0.61%	1.89%	0.32	25.27%
6/20/2019	\$34.26	0.76%	0.96%	-0.71%	0.97%	-0.21%	1.89%	-0.11	8.82%
6/21/2019	\$34.36	0.29%	-0.12%	-0.74%	-0.76%	1.06%	1.87%	0.56	42.65%
6/24/2019	\$32.65	-4.98%	-0.17%	-0.74%	-0.84%	-4.13%	1.86%	-2.23	97.31%
6/25/2019	\$33.00	1.07%	-0.95%	0.12%	-1.47%	2.54%	1.87%	1.36	82.38%
6/26/2019	\$31.76	-3.76%	-0.12%	-0.92%	-0.90%	-2.85%	1.88%	-1.52	87.01%
6/27/2019	\$33.19	4.50%	0.40%	2.16%	2.29%	2.21%	1.89%	1.17	75.82%
6/28/2019	\$33.86	2.02%	0.58%	0.39%	1.24%	0.78%	1.89%	0.41	32.05%
7/1/2019	\$34.41	1.62%	0.77%	-1.11%	0.35%	1.28%	1.88%	0.68	50.31%
7/2/2019	\$35.04	1.83%	0.30%	-0.26%	0.26%	1.57%	1.88%	0.84	59.74%
7/3/2019	\$36.16	3.20%	0.79%	0.25%	1.46%	1.74%	1.88%	0.93	64.43%
7/5/2019	\$35.87	-0.80%	-0.17%	0.40%	0.02%	-0.82%	1.88%	-0.44	33.68%
7/8/2019	\$35.59	-0.78%	-0.48%	0.09%	-0.73%	-0.05%	1.88%	-0.03	2.11%
7/9/2019	\$36.50	2.56%	0.15%	1.47%	1.39%	1.16%	1.88%	0.62	46.41%
7/10/2019	\$37.60	3.01%	0.45%	0.40%	1.05%	1.96%	1.88%	1.04	70.25%
7/11/2019	\$38.21	1.62%	0.23%	0.83%	1.06%	0.57%	1.86%	0.31	23.95%
7/12/2019	\$38.20	-0.03%	0.47%	-0.16%	0.67%	-0.70%	1.86%	-0.38	29.31%
7/15/2019	\$37.99	-0.55%	0.02%	0.85%	0.71%	-1.26%	1.86%	-0.68	50.10%
7/16/2019	\$38.00	0.03%	-0.34%	-0.29%	-0.77%	0.79%	1.86%	0.43	32.99%

**Exhibit 11B****Forescout Technologies, Inc.****Actual vs. Predicted Returns**

Date	Closing Price	Actual Return	Market Return	Industry Residual	Predicted Return	Company-Specific Return	Standard Error	t-Stat	Confidence Level
7/17/2019	\$38.07	0.18%	-0.65%	1.96%	0.49%	-0.30%	1.86%	-0.16	12.98%
7/18/2019	\$38.28	0.55%	0.37%	-0.39%	0.32%	0.23%	1.86%	0.13	9.98%
7/19/2019	\$38.44	0.42%	-0.61%	0.71%	-0.42%	0.84%	1.86%	0.45	34.89%
7/22/2019	\$38.55	0.29%	0.29%	0.06%	0.54%	-0.25%	1.86%	-0.13	10.64%
7/23/2019	\$38.63	0.21%	0.69%	-1.25%	0.16%	0.05%	1.86%	0.02	1.97%
7/24/2019	\$39.68	2.72%	0.47%	1.30%	1.80%	0.92%	1.86%	0.49	37.88%
7/25/2019	\$38.27	-3.55%	-0.53%	0.37%	-0.55%	-3.01%	1.86%	-1.62	89.33%
7/26/2019	\$38.72	1.18%	0.74%	-0.25%	1.03%	0.15%	1.87%	0.08	6.20%
7/29/2019	\$38.35	-0.96%	-0.16%	-1.49%	-1.40%	0.44%	1.86%	0.24	18.81%
7/30/2019	\$38.53	0.47%	-0.25%	0.30%	-0.14%	0.61%	1.86%	0.33	25.85%
7/31/2019	\$37.36	-3.04%	-1.09%	-2.28%	-3.50%	0.46%	1.86%	0.25	19.63%
8/1/2019	\$36.82	-1.45%	-0.89%	0.52%	-1.00%	-0.45%	1.86%	-0.24	18.94%
8/2/2019	\$35.86	-2.61%	-0.72%	-0.77%	-1.74%	-0.86%	1.84%	-0.47	36.18%
8/5/2019	\$33.53	-6.50%	-2.97%	-0.01%	-4.86%	-1.63%	1.84%	-0.89	62.58%
8/6/2019	\$33.55	0.06%	1.31%	-1.72%	0.86%	-0.80%	1.83%	-0.44	33.67%
8/7/2019	\$34.03	1.43%	0.08%	-0.21%	-0.03%	1.46%	1.83%	0.80	57.46%
8/8/2019	\$36.53	7.35%	1.90%	0.29%	3.38%	3.97%	1.83%	2.17	96.89%
8/9/2019	\$36.55	0.05%	-0.65%	0.01%	-1.05%	1.10%	1.83%	0.60	45.14%
8/12/2019	\$36.85	0.82%	-1.18%	1.08%	-1.12%	1.94%	1.83%	1.06	71.08%
8/13/2019	\$37.03	0.49%	1.48%	-0.63%	1.94%	-1.45%	1.83%	-0.79	57.15%
8/14/2019	\$35.78	-3.38%	-2.90%	1.32%	-3.65%	0.28%	1.80%	0.15	12.14%
8/15/2019	\$36.44	1.84%	0.27%	-1.70%	-0.82%	2.66%	1.76%	1.51	86.79%
8/16/2019	\$36.21	-0.63%	1.46%	-1.56%	1.24%	-1.87%	1.76%	-1.06	71.00%
8/19/2019	\$35.69	-1.44%	1.22%	-1.82%	0.61%	-2.05%	1.77%	-1.16	75.09%
8/20/2019	\$34.79	-2.52%	-0.78%	1.36%	-0.17%	-2.35%	1.77%	-1.33	81.37%
8/21/2019	\$36.25	4.20%	0.83%	0.02%	1.36%	2.84%	1.78%	1.60	88.81%
8/22/2019	\$36.59	0.94%	-0.05%	-0.28%	-0.26%	1.20%	1.78%	0.68	50.07%
8/23/2019	\$35.50	-2.98%	-2.59%	2.32%	-2.39%	-0.59%	1.78%	-0.33	26.07%
8/26/2019	\$35.17	-0.93%	1.11%	-1.62%	0.55%	-1.48%	1.78%	-0.83	59.28%
8/27/2019	\$33.94	-3.50%	-0.32%	-0.83%	-1.14%	-2.36%	1.78%	-1.33	81.39%
8/28/2019	\$33.84	-0.29%	0.66%	-2.53%	-0.91%	0.62%	1.78%	0.35	27.10%
8/29/2019	\$35.51	4.93%	1.29%	-0.06%	1.98%	2.96%	1.78%	1.66	90.11%
8/30/2019	\$35.83	0.90%	0.08%	0.13%	0.22%	0.68%	1.79%	0.38	29.52%
9/3/2019	\$34.94	-2.48%	-0.68%	-0.56%	-1.52%	-0.96%	1.80%	-0.53	40.65%
9/4/2019	\$35.78	2.40%	1.09%	-0.11%	1.66%	0.75%	1.80%	0.42	32.20%
9/5/2019	\$36.64	2.40%	1.32%	0.51%	2.51%	-0.11%	1.79%	-0.06	4.74%
9/6/2019	\$36.56	-0.22%	0.09%	-0.61%	-0.30%	0.08%	1.79%	0.05	3.71%
9/9/2019	\$35.23	-3.64%	0.00%	-2.00%	-1.54%	-2.10%	1.78%	-1.18	76.16%
9/10/2019	\$35.11	-0.34%	0.04%	-1.36%	-1.01%	0.67%	1.78%	0.38	29.38%
9/11/2019	\$35.84	2.08%	0.73%	-0.98%	0.39%	1.69%	1.78%	0.95	65.81%
9/12/2019	\$35.86	0.06%	0.30%	-1.23%	-0.48%	0.54%	1.78%	0.30	23.87%
9/13/2019	\$36.48	1.73%	-0.04%	-0.17%	-0.24%	1.97%	1.78%	1.11	73.10%
9/16/2019	\$36.90	1.15%	-0.31%	2.17%	1.11%	0.04%	1.78%	0.02	1.81%
9/17/2019	\$36.69	-0.57%	0.26%	0.89%	1.07%	-1.64%	1.77%	-0.92	64.31%
9/18/2019	\$36.62	-0.19%	0.03%	-0.41%	-0.29%	0.10%	1.77%	0.05	4.36%
9/19/2019	\$36.83	0.57%	0.01%	-0.59%	-0.48%	1.05%	1.77%	0.60	44.76%
9/20/2019	\$37.30	1.28%	-0.48%	0.79%	-0.20%	1.48%	1.77%	0.84	59.71%

**Exhibit 11B****Forescout Technologies, Inc.****Actual vs. Predicted Returns**

Date	Closing Price	Actual Return	Market Return	Industry Residual	Predicted Return	Company-Specific Return	Standard Error	t-Stat	Confidence Level
9/23/2019	\$37.44	0.38%	-0.01%	-0.05%	-0.09%	0.47%	1.77%	0.26	20.75%
9/24/2019	\$36.17	-3.39%	-0.83%	-1.39%	-2.43%	-0.96%	1.76%	-0.55	41.54%
9/25/2019	\$37.28	3.07%	0.62%	-0.66%	0.44%	2.63%	1.76%	1.49	86.33%
9/26/2019	\$37.49	0.56%	-0.24%	-0.17%	-0.55%	1.11%	1.77%	0.63	47.04%
9/27/2019	\$36.37	-2.99%	-0.52%	-2.26%	-2.58%	-0.41%	1.77%	-0.23	18.36%
9/30/2019	\$37.92	4.26%	0.51%	-0.13%	0.70%	3.56%	1.75%	2.03	95.68%
10/1/2019	\$37.33	-1.56%	-1.22%	1.44%	-0.86%	-0.69%	1.76%	-0.39	30.53%
10/2/2019	\$37.91	1.55%	-1.79%	2.45%	-1.02%	2.58%	1.76%	1.46	85.57%
10/3/2019	\$38.85	2.48%	0.82%	1.71%	2.68%	-0.20%	1.77%	-0.11	8.81%
10/4/2019	\$39.87	2.63%	1.42%	-1.06%	1.47%	1.15%	1.76%	0.65	48.61%
10/7/2019	\$39.82	-0.13%	-0.45%	0.44%	-0.32%	0.20%	1.76%	0.11	8.95%
10/8/2019	\$39.25	-1.43%	-1.55%	0.69%	-1.88%	0.45%	1.76%	0.25	19.99%
10/9/2019	\$39.20	-0.13%	0.94%	0.82%	2.19%	-2.31%	1.76%	-1.32	81.07%
10/10/2019	\$24.57	-37.33%	0.64%	-1.87%	-0.34%	-36.99%	1.76%	-20.98	100.00%
10/11/2019	\$25.44	3.56%	1.10%	-0.03%	1.75%	1.82%	1.75%	1.04	69.97%
10/14/2019	\$25.57	0.51%	-0.14%	0.34%	0.13%	0.38%	1.75%	0.22	17.14%
10/15/2019	\$26.14	2.21%	1.00%	-1.14%	0.76%	1.45%	1.75%	0.83	59.25%
10/16/2019	\$26.17	0.13%	-0.19%	-1.17%	-1.08%	1.22%	1.73%	0.70	51.75%
10/17/2019	\$26.19	0.08%	0.28%	-0.32%	0.30%	-0.22%	1.73%	-0.13	10.05%
10/18/2019	\$25.45	-2.83%	-0.39%	-1.60%	-1.70%	-1.12%	1.73%	-0.65	48.32%
10/21/2019	\$28.70	12.77%	0.69%	0.02%	1.18%	11.59%	1.73%	6.69	100.00%
10/22/2019	\$28.76	0.21%	-0.35%	0.51%	-0.02%	0.23%	1.88%	0.12	9.67%
10/23/2019	\$29.56	2.78%	0.29%	0.69%	1.13%	1.65%	1.88%	0.88	62.02%
10/24/2019	\$30.29	2.47%	0.19%	2.21%	2.17%	0.30%	1.88%	0.16	12.79%
10/25/2019	\$30.59	0.99%	0.41%	0.04%	0.84%	0.15%	1.88%	0.08	6.19%
10/28/2019	\$30.41	-0.59%	0.56%	0.02%	1.04%	-1.62%	1.87%	-0.87	61.38%
10/29/2019	\$30.47	0.20%	-0.08%	0.52%	0.43%	-0.23%	1.87%	-0.12	9.83%
10/30/2019	\$31.68	3.97%	0.33%	2.76%	2.80%	1.17%	1.84%	0.63	47.31%
10/31/2019	\$30.76	-2.90%	-0.30%	-0.28%	-0.48%	-2.43%	1.84%	-1.32	81.27%
11/1/2019	\$30.61	-0.49%	0.98%	1.39%	2.74%	-3.22%	1.84%	-1.75	91.92%
11/4/2019	\$30.33	-0.91%	0.37%	-0.61%	0.28%	-1.19%	1.85%	-0.64	48.02%
11/5/2019	\$29.91	-1.38%	-0.12%	0.08%	0.05%	-1.43%	1.85%	-0.77	56.04%
11/6/2019	\$29.44	-1.57%	0.08%	1.59%	1.49%	-3.06%	1.85%	-1.66	90.08%
11/7/2019	\$29.91	1.60%	0.32%	0.23%	0.83%	0.77%	1.86%	0.41	32.09%
11/8/2019	\$30.97	3.54%	0.27%	1.60%	1.82%	1.73%	1.85%	0.93	64.81%
11/11/2019	\$32.52	5.00%	-0.20%	0.05%	-0.09%	5.09%	1.85%	2.75	99.36%
11/12/2019	\$33.62	3.38%	0.16%	0.82%	1.08%	2.30%	1.88%	1.22	77.80%
11/13/2019	\$33.58	-0.12%	0.07%	0.31%	0.57%	-0.68%	1.88%	-0.36	28.35%
11/14/2019	\$33.52	-0.18%	0.11%	-0.31%	0.15%	-0.33%	1.84%	-0.18	14.14%
11/15/2019	\$34.18	1.97%	0.79%	-0.29%	1.21%	0.76%	1.84%	0.41	32.04%
11/18/2019	\$33.88	-0.88%	0.05%	1.08%	1.15%	-2.03%	1.84%	-1.10	72.90%
11/19/2019	\$35.27	4.10%	-0.05%	1.13%	1.02%	3.09%	1.84%	1.68	90.57%
11/20/2019	\$35.47	0.57%	-0.36%	0.37%	0.01%	0.56%	1.85%	0.30	23.88%
11/21/2019	\$35.03	-1.24%	-0.15%	0.38%	0.33%	-1.57%	1.85%	-0.85	60.27%
11/22/2019	\$34.63	-1.14%	0.22%	0.90%	1.30%	-2.44%	1.85%	-1.32	81.23%
11/25/2019	\$35.68	3.03%	0.76%	0.54%	1.84%	1.19%	1.85%	0.64	48.03%
11/26/2019	\$35.22	-1.29%	0.22%	-2.04%	-1.07%	-0.22%	1.85%	-0.12	9.25%



**Exhibit 11B****Forescout Technologies, Inc.****Actual vs. Predicted Returns**

Date	Closing Price	Actual Return	Market Return	Industry Residual	Predicted Return	Company-Specific Return	Standard Error	t-Stat	Confidence Level
11/27/2019	\$36.17	2.70%	0.43%	0.00%	0.88%	1.82%	1.85%	0.99	67.45%
11/29/2019	\$35.83	-0.94%	-0.38%	0.51%	0.07%	-1.01%	1.85%	-0.55	41.58%
12/2/2019	\$35.00	-2.32%	-0.86%	-0.83%	-1.76%	-0.56%	1.85%	-0.30	23.60%
12/3/2019	\$35.43	1.23%	-0.66%	0.60%	-0.32%	1.55%	1.85%	0.84	59.66%
12/4/2019	\$34.54	-2.51%	0.64%	-1.02%	0.40%	-2.91%	1.85%	-1.57	88.28%
12/5/2019	\$34.24	-0.87%	0.18%	-0.30%	0.24%	-1.11%	1.86%	-0.60	44.81%
12/6/2019	\$33.60	-1.87%	0.92%	-1.60%	0.32%	-2.19%	1.86%	-1.18	76.00%
12/9/2019	\$33.17	-1.28%	-0.31%	0.24%	-0.07%	-1.21%	1.86%	-0.65	48.25%
12/10/2019	\$33.60	1.30%	-0.11%	-0.32%	-0.24%	1.53%	1.86%	0.82	58.94%
12/11/2019	\$33.53	-0.21%	0.29%	-0.60%	0.13%	-0.33%	1.86%	-0.18	14.23%
12/12/2019	\$34.19	1.97%	0.87%	-1.56%	0.21%	1.76%	1.86%	0.94	65.40%
12/13/2019	\$34.55	1.05%	0.02%	1.70%	1.62%	-0.57%	1.86%	-0.30	23.84%
12/16/2019	\$34.99	1.27%	0.72%	-0.71%	0.66%	0.61%	1.85%	0.33	25.83%
12/17/2019	\$34.41	-1.67%	0.03%	-0.75%	-0.39%	-1.28%	1.85%	-0.69	51.22%
12/18/2019	\$33.82	-1.70%	-0.03%	0.62%	0.66%	-2.36%	1.85%	-1.28	79.69%
12/19/2019	\$33.55	-0.80%	0.45%	0.10%	0.93%	-1.73%	1.85%	-0.94	65.07%
12/20/2019	\$33.62	0.21%	0.50%	-1.37%	-0.24%	0.45%	1.85%	0.24	19.22%
12/23/2019	\$32.60	-3.03%	0.09%	0.62%	0.82%	-3.85%	1.83%	-2.10	96.36%
12/24/2019	\$33.08	1.47%	-0.01%	-0.17%	0.02%	1.45%	1.84%	0.79	56.80%
12/26/2019	\$32.73	-1.06%	0.52%	-0.13%	0.85%	-1.90%	1.80%	-1.05	70.74%
12/27/2019	\$32.94	0.64%	0.00%	-0.42%	-0.18%	0.82%	1.81%	0.46	35.09%
12/30/2019	\$32.69	-0.76%	-0.56%	-0.38%	-1.06%	0.30%	1.80%	0.17	13.16%
12/31/2019	\$32.80	0.34%	0.30%	-0.14%	0.47%	-0.14%	1.80%	-0.08	6.09%
1/2/2020	\$33.02	0.67%	0.85%	0.62%	1.93%	-1.26%	1.79%	-0.70	51.80%
1/3/2020	\$32.48	-1.64%	-0.70%	1.85%	0.40%	-2.04%	1.79%	-1.14	74.44%
1/6/2020	\$32.86	1.15%	0.35%	1.45%	1.75%	-0.59%	1.80%	-0.33	25.78%
1/7/2020	\$32.05	-2.45%	-0.27%	0.84%	0.31%	-2.76%	1.79%	-1.54	87.57%
1/8/2020	\$31.79	-0.81%	0.49%	0.18%	1.02%	-1.83%	1.80%	-1.01	68.85%
1/9/2020	\$32.72	2.91%	0.69%	-0.27%	1.00%	1.91%	1.80%	1.06	71.04%
1/10/2020	\$32.56	-0.49%	-0.29%	0.19%	-0.19%	-0.30%	1.79%	-0.17	13.20%
1/13/2020	\$33.17	1.89%	0.70%	0.62%	1.69%	0.20%	1.79%	0.11	8.92%
1/14/2020	\$32.91	-0.78%	-0.14%	0.40%	0.20%	-0.99%	1.79%	-0.55	41.89%
1/15/2020	\$33.64	2.22%	0.19%	-0.11%	0.35%	1.87%	1.79%	1.05	70.32%
1/16/2020	\$33.54	-0.30%	0.84%	0.04%	1.50%	-1.80%	1.79%	-1.01	68.60%
1/17/2020	\$33.75	0.61%	0.39%	-1.32%	-0.27%	0.88%	1.78%	0.50	37.97%
1/21/2020	\$31.98	-5.25%	-0.26%	-0.34%	-0.54%	-4.70%	1.77%	-2.66	99.16%
1/22/2020	\$31.79	-0.58%	0.03%	0.28%	0.37%	-0.95%	1.79%	-0.53	40.42%
1/23/2020	\$31.31	-1.51%	0.12%	0.43%	0.63%	-2.14%	1.79%	-1.19	76.58%
1/24/2020	\$29.99	-4.22%	-0.90%	0.55%	-0.93%	-3.28%	1.79%	-1.83	93.20%
1/27/2020	\$28.72	-4.23%	-1.57%	-0.11%	-2.55%	-1.69%	1.81%	-0.94	64.94%
1/28/2020	\$29.90	4.11%	1.01%	-0.06%	1.65%	2.46%	1.80%	1.36	82.58%
1/29/2020	\$29.74	-0.54%	-0.08%	0.64%	0.40%	-0.93%	1.81%	-0.52	39.34%
1/30/2020	\$29.67	-0.24%	0.33%	0.20%	0.74%	-0.98%	1.81%	-0.54	40.99%
1/31/2020	\$28.51	-3.91%	-1.76%	0.43%	-2.55%	-1.36%	1.81%	-0.75	54.76%
2/3/2020	\$28.50	-0.04%	0.73%	0.40%	1.55%	-1.59%	1.82%	-0.87	61.74%
2/4/2020	\$28.20	-1.05%	1.50%	0.76%	3.09%	-4.14%	1.82%	-2.28	97.64%
2/5/2020	\$27.98	-0.78%	1.13%	-2.71%	-0.14%	-0.64%	1.83%	-0.35	27.23%

**Exhibit 11B****Forescout Technologies, Inc.****Actual vs. Predicted Returns**

Date	Closing Price	Actual Return	Market Return	Industry Residual	Predicted Return	Company-Specific Return	Standard Error	t-Stat	Confidence Level
2/6/2020	\$33.28	18.94%	0.35%	0.17%	0.69%	18.25%	1.83%	9.97	100.00%
2/7/2020	\$33.20	-0.24%	-0.52%	-0.79%	-0.68%	0.44%	2.84%	0.15	12.25%
2/10/2020	\$33.11	-0.27%	0.75%	0.92%	0.93%	-1.20%	2.84%	-0.42	32.47%
2/11/2020	\$32.98	-0.39%	0.17%	-1.72%	-0.82%	0.43%	2.84%	0.15	11.89%
2/12/2020	\$33.00	0.06%	0.65%	-1.80%	-0.61%	0.67%	2.84%	0.23	18.45%
2/13/2020	\$33.13	0.39%	-0.13%	0.61%	0.29%	0.11%	2.84%	0.04	3.00%
2/14/2020	\$32.98	-0.45%	0.20%	0.13%	0.20%	-0.66%	2.84%	-0.23	18.17%
2/18/2020	\$33.02	0.11%	-0.29%	0.21%	-0.01%	0.12%	2.84%	0.04	3.25%
2/19/2020	\$33.05	0.09%	0.49%	-0.54%	-0.01%	0.10%	2.84%	0.04	2.82%
2/20/2020	\$33.04	-0.02%	-0.38%	0.10%	-0.12%	0.10%	2.84%	0.04	2.92%
2/21/2020	\$32.97	-0.21%	-1.05%	-1.71%	-1.46%	1.25%	2.84%	0.44	33.87%
2/24/2020	\$32.91	-0.18%	-3.34%	-0.28%	-1.90%	1.72%	2.84%	0.61	45.32%
2/25/2020	\$32.88	-0.09%	-3.03%	-1.58%	-2.44%	2.35%	2.84%	0.83	58.86%
2/26/2020	\$32.79	-0.27%	-0.38%	-0.63%	-0.52%	0.24%	2.84%	0.09	6.78%
2/27/2020	\$32.49	-0.91%	-4.40%	0.64%	-1.97%	1.05%	2.84%	0.37	28.70%
2/28/2020	\$32.54	0.15%	-0.81%	0.98%	0.13%	0.02%	2.84%	0.01	0.65%
3/2/2020	\$32.66	0.37%	4.61%	-1.93%	1.43%	-1.06%	2.84%	-0.37	28.87%
3/3/2020	\$32.48	-0.55%	-2.81%	-1.27%	-2.16%	1.61%	2.84%	0.57	42.64%
3/4/2020	\$32.64	0.49%	4.23%	-0.48%	2.01%	-1.52%	2.84%	-0.53	40.52%
3/5/2020	\$32.46	-0.55%	-3.37%	0.66%	-1.41%	0.86%	2.84%	0.30	23.68%
3/6/2020	\$32.00	-1.42%	-1.70%	-2.15%	-2.05%	0.63%	2.84%	0.22	17.47%
3/9/2020	\$30.51	-4.66%	-7.59%	-1.63%	-4.90%	0.24%	2.84%	0.09	6.84%
3/10/2020	\$31.88	4.49%	4.94%	-1.79%	1.68%	2.81%	2.84%	0.99	67.27%
3/11/2020	\$31.35	-1.66%	-4.88%	-0.72%	-2.97%	1.30%	2.84%	0.46	35.15%
3/12/2020	\$29.64	-5.45%	-9.49%	-0.84%	-5.49%	0.03%	2.84%	0.01	0.88%
3/13/2020	\$31.14	5.06%	9.32%	-4.31%	2.65%	2.41%	2.84%	0.85	60.07%
3/16/2020	\$25.96	-16.63%	-11.98%	-1.62%	-7.23%	-9.40%	2.84%	-3.30	99.85%
3/17/2020	\$25.54	-1.62%	6.00%	2.22%	4.43%	-6.05%	2.84%	-2.13	96.27%
3/18/2020	\$23.29	-8.81%	-5.18%	-1.01%	-3.28%	-5.53%	2.84%	-1.94	94.36%
3/19/2020	\$27.54	18.25%	0.48%	5.09%	3.05%	15.20%	2.84%	5.34	100.00%
3/20/2020	\$28.07	1.92%	-4.32%	5.94%	0.96%	0.97%	2.84%	0.34	26.53%
3/23/2020	\$28.50	1.53%	-2.93%	4.30%	0.81%	0.73%	2.84%	0.26	20.07%
3/24/2020	\$29.95	5.09%	9.39%	0.55%	5.32%	-0.24%	2.84%	-0.08	6.61%
3/25/2020	\$30.81	2.87%	1.15%	0.41%	0.87%	2.01%	2.84%	0.71	51.69%
3/26/2020	\$31.21	1.30%	6.25%	-1.04%	2.79%	-1.49%	2.84%	-0.52	39.75%
3/27/2020	\$31.22	0.03%	-3.37%	-0.86%	-2.23%	2.27%	2.84%	0.80	57.13%
3/30/2020	\$31.25	0.10%	3.37%	-2.72%	0.34%	-0.24%	2.84%	-0.09	6.81%
3/31/2020	\$31.59	1.09%	-1.59%	-0.23%	-0.94%	2.03%	2.84%	0.71	52.24%
4/1/2020	\$30.62	-3.07%	-4.41%	-1.90%	-3.36%	0.28%	2.84%	0.10	7.94%
4/2/2020	\$31.20	1.89%	2.30%	-3.08%	-0.42%	2.32%	2.84%	0.81	58.18%
4/3/2020	\$31.55	1.12%	-1.50%	-1.90%	-1.81%	2.93%	2.84%	1.03	69.31%



**Exhibit 11B****Forescout Technologies, Inc.****Actual vs. Predicted Returns**

Date	Closing Price	Actual Return	Market Return	Industry Residual	Predicted Return	Company-Specific Return	Standard Error	t-Stat	Confidence Level
4/6/2020	\$31.79	0.76%	7.03%	1.16%	4.40%	-3.64%	2.84%	-1.28	79.52%
4/7/2020	\$31.98	0.60%	-0.16%	-1.25%	-0.74%	1.34%	2.84%	0.47	36.03%
4/8/2020	\$31.99	0.03%	3.43%	1.78%	2.82%	-2.79%	2.84%	-0.98	66.96%
4/9/2020	\$31.93	-0.19%	1.46%	0.45%	1.05%	-1.24%	2.84%	-0.44	33.53%
4/13/2020	\$31.75	-0.56%	-1.01%	2.12%	0.64%	-1.20%	2.84%	-0.42	32.66%
4/14/2020	\$32.04	0.91%	3.07%	-0.04%	1.64%	-0.72%	2.84%	-0.25	19.98%
4/15/2020	\$32.07	0.09%	-2.20%	-0.07%	-1.18%	1.27%	2.84%	0.45	34.44%
4/16/2020	\$32.25	0.56%	0.58%	-0.20%	0.23%	0.33%	2.84%	0.12	9.30%
4/17/2020	\$32.54	0.90%	2.68%	0.35%	1.64%	-0.75%	2.84%	-0.26	20.60%
4/20/2020	\$32.48	-0.18%	-1.79%	2.77%	0.58%	-0.77%	2.84%	-0.27	21.14%
4/21/2020	\$32.35	-0.40%	-3.06%	-1.06%	-2.18%	1.78%	2.84%	0.63	46.74%
4/22/2020	\$32.51	0.49%	2.30%	0.24%	1.38%	-0.88%	2.84%	-0.31	24.28%
4/23/2020	\$32.15	-1.11%	-0.05%	-0.43%	-0.23%	-0.88%	2.84%	-0.31	24.09%
4/24/2020	\$31.91	-0.75%	1.39%	-0.30%	0.61%	-1.35%	2.84%	-0.48	36.45%
4/27/2020	\$31.95	0.13%	1.47%	0.85%	1.27%	-1.15%	2.84%	-0.40	31.14%
4/28/2020	\$31.97	0.06%	-0.52%	-1.26%	-0.94%	1.00%	2.84%	0.35	27.45%
4/29/2020	\$32.11	0.44%	2.66%	0.35%	1.63%	-1.19%	2.84%	-0.42	32.40%
4/30/2020	\$31.76	-1.09%	-0.92%	0.67%	-0.10%	-0.99%	2.84%	-0.35	27.17%
5/1/2020	\$31.92	0.50%	-2.79%	-1.23%	-2.13%	2.63%	2.84%	0.93	64.22%
5/4/2020	\$31.77	-0.47%	0.43%	0.02%	0.26%	-0.73%	2.84%	-0.26	20.22%
5/5/2020	\$31.92	0.47%	0.90%	2.80%	2.03%	-1.56%	2.84%	-0.55	41.43%
5/6/2020	\$32.10	0.56%	-0.69%	2.20%	0.85%	-0.29%	2.84%	-0.10	8.11%
5/7/2020	\$32.20	0.31%	1.19%	5.80%	3.81%	-3.50%	2.84%	-1.23	77.71%
5/8/2020	\$32.22	0.06%	1.71%	-0.98%	0.40%	-0.34%	2.84%	-0.12	9.52%
5/11/2020	\$32.09	-0.40%	0.02%	1.66%	0.94%	-1.34%	2.84%	-0.47	36.11%
5/12/2020	\$30.50	-4.95%	-2.04%	-0.25%	-1.19%	-3.76%	2.84%	-1.32	80.93%
5/13/2020	\$30.16	-1.11%	-1.74%	-1.73%	-1.84%	0.72%	2.84%	0.25	20.02%
5/14/2020	\$29.89	-0.90%	1.17%	0.62%	0.99%	-1.88%	2.84%	-0.66	48.94%
5/15/2020	\$29.52	-1.24%	0.40%	0.50%	0.51%	-1.75%	2.84%	-0.62	45.99%
5/18/2020	\$22.57	-23.54%	3.16%	-2.49%	0.35%	-23.90%	2.84%	-8.40	100.00%
5/19/2020	\$20.93	-7.27%	-1.04%	1.23%	0.14%	-7.41%	2.84%	-2.60	98.86%
5/20/2020	\$19.84	-5.21%	1.68%	0.68%	1.29%	-6.50%	2.84%	-2.29	97.44%
5/21/2020	\$20.31	2.37%	-0.77%	-0.34%	-0.57%	2.94%	2.84%	1.03	69.49%
5/22/2020	\$23.40	15.21%	0.25%	2.61%	1.58%	13.63%	2.84%	4.79	100.00%
5/26/2020	\$24.50	4.70%	1.23%	-0.81%	0.24%	4.46%	2.84%	1.57	87.85%
5/27/2020	\$24.74	0.98%	1.48%	-1.92%	-0.23%	1.21%	2.84%	0.42	32.73%
5/28/2020	\$24.50	-0.97%	-0.20%	0.14%	0.00%	-0.97%	2.84%	-0.34	26.53%
5/29/2020	\$23.59	-3.71%	0.50%	2.02%	1.39%	-5.10%	2.84%	-1.79	92.24%
6/1/2020	\$23.63	0.17%	0.38%	1.57%	1.08%	-0.91%	2.84%	-0.32	25.11%
6/2/2020	\$23.68	0.21%	0.82%	-1.66%	-0.44%	0.65%	2.84%	0.23	18.05%

**Exhibit 11B****Forescout Technologies, Inc.****Actual vs. Predicted Returns**

Date	Closing Price	Actual Return	Market Return	Industry Residual	Predicted Return	Company-Specific Return	Standard Error	t-Stat	Confidence Level
6/3/2020	\$24.37	2.91%	1.38%	-1.08%	0.17%	2.74%	2.84%	0.96	66.14%
6/4/2020	\$24.27	-0.41%	-0.32%	-2.47%	-1.49%	1.08%	2.84%	0.38	29.37%
6/5/2020	\$23.10	-4.82%	2.62%	-2.47%	0.08%	-4.90%	2.84%	-1.72	91.03%
6/8/2020	\$22.85	-1.08%	1.21%	1.03%	1.23%	-2.31%	2.84%	-0.81	58.01%
6/9/2020	\$22.86	0.04%	-0.77%	-0.42%	-0.62%	0.66%	2.84%	0.23	18.25%
6/10/2020	\$22.72	-0.61%	-0.53%	0.45%	-0.01%	-0.60%	2.84%	-0.21	16.59%
6/11/2020	\$22.25	-2.07%	-5.88%	-0.05%	-3.13%	1.06%	2.84%	0.37	29.03%
6/12/2020	\$22.46	0.94%	1.34%	0.01%	0.74%	0.20%	2.84%	0.07	5.57%
6/15/2020	\$22.24	-0.98%	0.83%	1.03%	1.03%	-2.01%	2.84%	-0.71	51.83%
6/16/2020	\$22.14	-0.45%	1.90%	-0.93%	0.53%	-0.98%	2.84%	-0.34	26.81%
6/17/2020	\$22.26	0.54%	-0.36%	0.63%	0.18%	0.36%	2.84%	0.13	10.12%
6/18/2020	\$21.94	-1.44%	0.06%	-0.26%	-0.08%	-1.36%	2.84%	-0.48	36.54%
6/19/2020	\$21.70	-1.12%	-0.55%	0.49%	0.00%	-1.12%	2.84%	-0.39	30.41%
6/22/2020	\$22.03	1.54%	0.65%	1.00%	0.91%	0.63%	2.84%	0.22	17.48%
6/23/2020	\$21.99	-0.18%	0.43%	-1.08%	-0.33%	0.15%	2.84%	0.05	4.17%
6/24/2020	\$21.81	-0.82%	-2.58%	0.32%	-1.17%	0.36%	2.84%	0.12	9.90%
6/25/2020	\$21.50	-1.42%	1.10%	0.26%	0.75%	-2.17%	2.84%	-0.76	55.23%
6/26/2020	\$21.84	1.58%	-2.42%	1.20%	-0.61%	2.19%	2.84%	0.77	55.66%
6/29/2020	\$21.75	-0.41%	1.48%	-1.54%	-0.02%	-0.39%	2.84%	-0.14	10.81%
6/30/2020	\$21.20	-2.53%	1.55%	0.42%	1.08%	-3.61%	2.84%	-1.27	79.06%
7/1/2020	\$21.13	-0.33%	0.51%	2.18%	1.48%	-1.81%	2.84%	-0.64	47.36%
7/2/2020	\$21.57	2.08%	0.48%	-0.77%	-0.14%	2.22%	2.84%	0.78	56.22%
7/6/2020	\$23.90	10.80%	1.59%	-0.80%	0.44%	10.36%	2.84%	3.64	99.95%
7/7/2020	\$23.52	-1.59%	-1.08%	0.92%	-0.05%	-1.54%	2.84%	-0.54	41.07%
7/8/2020	\$24.49	4.12%	0.78%	1.82%	1.43%	2.69%	2.84%	0.95	65.24%
7/9/2020	\$24.85	1.47%	-0.54%	2.34%	1.01%	0.46%	2.84%	0.16	12.77%
7/10/2020	\$24.79	-0.24%	1.05%	-1.39%	-0.17%	-0.07%	2.84%	-0.02	1.93%
7/13/2020	\$24.89	0.40%	-0.94%	-4.01%	-2.65%	3.06%	2.84%	1.07	71.32%
7/14/2020	\$25.03	0.56%	1.35%	0.46%	1.00%	-0.44%	2.84%	-0.15	12.14%
7/15/2020	\$28.88	15.38%	0.91%	-0.37%	0.31%	15.07%	2.84%	5.30	100.00%
7/16/2020	\$28.90	0.07%	-0.34%	-0.45%	-0.40%	0.47%	2.84%	0.16	12.97%
7/17/2020	\$28.90	0.00%	0.29%	0.90%	0.67%	-0.67%	2.84%	-0.24	18.54%
7/20/2020	\$28.92	0.07%	0.84%	3.42%	2.33%	-2.26%	2.84%	-0.80	57.12%
7/21/2020	\$28.92	0.00%	0.17%	-1.07%	-0.46%	0.46%	2.84%	0.16	12.93%
7/22/2020	\$28.92	0.00%	0.58%	-0.33%	0.15%	-0.15%	2.84%	-0.05	4.23%
7/23/2020	\$28.95	0.10%	-1.22%	0.55%	-0.32%	0.43%	2.84%	0.15	11.91%
7/24/2020	\$28.94	-0.03%	-0.62%	-1.83%	-1.30%	1.26%	2.84%	0.44	34.10%
7/27/2020	\$28.95	0.03%	0.74%	1.02%	0.97%	-0.94%	2.84%	-0.33	25.76%
7/28/2020	\$28.94	-0.03%	-0.65%	0.24%	-0.19%	0.15%	2.84%	0.05	4.26%
7/29/2020	\$28.95	0.03%	1.24%	4.74%	3.26%	-3.23%	2.84%	-1.14	73.97%

**Exhibit 11B****Forescout Technologies, Inc.****Actual vs. Predicted Returns**

Date	Closing Price	Actual Return	Market Return	Industry Residual	Predicted Return	Company-Specific Return	Standard Error	t-Stat	Confidence Level
7/30/2020	\$28.95	0.00%	-0.36%	-0.70%	-0.55%	0.55%	2.84%	0.19	15.14%
7/31/2020	\$28.99	0.14%	0.78%	0.19%	0.54%	-0.40%	2.84%	-0.14	11.26%
8/3/2020	\$28.97	-0.07%	0.72%	-0.50%	0.14%	-0.21%	2.84%	-0.07	5.82%
8/4/2020	\$28.98	0.03%	0.36%	-0.22%	0.10%	-0.06%	2.84%	-0.02	1.76%
8/5/2020	\$28.98	0.00%	0.64%	0.70%	0.75%	-0.75%	2.84%	-0.26	20.72%
8/6/2020	\$28.98	0.00%	0.65%	-1.18%	-0.27%	0.27%	2.84%	0.09	7.40%
8/7/2020	\$28.98	-0.02%	0.08%	-0.98%	-0.46%	0.45%	2.84%	0.16	12.44%
8/10/2020	\$28.98	0.02%	0.28%	-2.27%	-1.06%	1.08%	2.84%	0.38	29.37%
8/11/2020	\$28.99	0.03%	-0.80%	-1.23%	-1.07%	1.10%	2.84%	0.39	30.03%
8/12/2020	\$29.00	0.03%	1.41%	-1.25%	0.10%	-0.07%	2.84%	-0.02	1.85%
8/13/2020	\$28.99	-0.03%	-0.18%	1.71%	0.86%	-0.89%	2.84%	-0.31	24.57%

**Exhibit 11C****Forescout Technologies, Inc.**

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**Companies Used in the Industry Index**

Source: Bloomberg

<b>Number</b>	<b>Company Name</b>	<b>Bloomberg Symbol</b>
1	CyberArk Software Ltd	CYBR US Equity
2	Fortinet Inc	FTNT US Equity
3	Mandiant Inc	MNDT US Equity
4	Palo Alto Networks Inc	PANW US Equity
5	Qualys Inc	QLYS US Equity
6	Rapid7 Inc	RPD US Equity
7	SailPoint Technologies Holdings Inc	SAIL US Equity
8	Splunk Inc	SPLK US Equity
9	Tenable Holdings Inc	TENB US Equity
10	Varonis Systems Inc	VRNS US Equity

**Exhibit 12****Summary of Forescout's Stock Price Reaction on Event Dates**

<b>Event Date</b>	<b>Event</b>	<b>Impact Date</b>	<b>Actual Return</b>	<b>Residual Return</b>	<b>Confidence Level</b>
5/9/2019	First-Quarter 2019 Earnings Results & Conference Call	5/10/2019	-16.21%	-16.47%	100.0%
8/7/2019	Second-Quarter 2019 Earnings Results & Conference Call	8/8/2019	7.35%	3.97%	96.9%
10/10/2019	Preliminary Third-Quarter 2019 Earnings Results	10/10/2019	-37.33%	-36.99%	100.0%
11/6/2019	Third-Quarter 2019 Earnings Results & Conference Call	11/7/2019	1.60%	0.77%	32.1%
2/6/2020	Acquisition Announcement & Fourth-Quarter/Full-Year 2019 Earnings Results	2/6/2020	18.94%	18.25%	100.0%
5/11/2020	First-Quarter 2020 Earnings Results	5/12/2020	-4.95%	-3.76%	80.9%

**Exhibit 12**

Impact Date	Event
5/10/2019	<p data-bbox="426 339 1915 407">After market close on Thursday, May 9, 2019, the Company reported its first-quarter 2019 financial results. For the quarter, Forescout reported total revenue of \$75.6 million and a non-GAAP EPS loss of -\$0.41.<sup>1</sup></p> <p data-bbox="426 444 1858 480">The consensus estimates of quarterly revenue and non-GAAP EPS were \$74.0 million and -\$0.44, respectively.<sup>2</sup></p> <p data-bbox="426 518 1852 553">Michael DeCesare, then-CEO and President of Forescout (“DeCesare”), commented on the Company’s results:<sup>3</sup></p> <p data-bbox="558 591 1787 846">We had a strong start to the year and are particularly pleased with the growing diversification of our customer base, both from a geographic as well as vertical perspective ... . The market opportunity ahead of us in device visibility and control is substantial, driven by the explosion of connected devices, the convergence of IT, IoT and OT network environments, as well as the increasing willingness of CIOs to automate their IT and security solutions. Forescout is at the center of these converging tailwinds, and we remain excited about our opportunity to capitalize on the market for visibility in the years ahead.</p> <p data-bbox="426 883 1614 919">Criss Harms, then-CFO of Forescout (“Harms”), also commented on the Company’s results:<sup>4</sup></p> <p data-bbox="558 956 1787 1138">We are pleased with our first quarter results, highlighted by total revenue growth of 27% year-over-year and free cash flow of \$4.9 million ... . Despite making incremental investments this quarter as planned, we saw consistency in year-over-year operating margins and once again generated positive operating and free cash flow. We remain on track to achieve our profitability targets and to introduce more recurring revenue elements to our financial model.</p>

<sup>1</sup> *GlobeNewswire*, “Forescout Technologies Reports First Quarter 2019 Financial Results,” May 9, 2019, 4:05 PM.

<sup>2</sup> *Bloomberg First Word*, “ForeScout Sinks 17% After 2Q Sales View Lags Lowest Estimate (1),” May 9, 2019, 5:10 PM.

<sup>3</sup> *GlobeNewswire*, “Forescout Technologies Reports First Quarter 2019 Financial Results,” May 9, 2019, 4:05 PM.

<sup>4</sup> *Ibid.*

**Exhibit 12**

Impact Date	Event		
	The Company also announced second-quarter guidance and updated full-year 2019 guidance: <sup>5</sup>		
		2Q 2019	Full-Year 2019
	Revenue (millions)	\$75.3 - \$78.3	\$365.3 - \$375.3
	Non-GAAP operating loss (millions)	-\$20.8 - -\$20.0	-\$15.6 - -\$11.6
	Non-GAAP net loss per share	-\$0.48 - -\$0.46	-\$0.41 - -\$0.34
	The consensus estimates of the Company’s second quarter revenue and non-GAAP EPS loss had been \$83 million and -\$0.24, respectively. <sup>6</sup>		
	The same day, after market close, the Company held a conference call with investment analysts. Harms commented on the reduced second-quarter 2019 guidance and the increased full-year 2019 guidance: <sup>7</sup>		
	As Mike discussed, large deals are a component of our business, and timing and composition of those deals can shift and cause quarter-to-quarter fluctuations.		
	As we think about our guidance for the second quarter, our most recent pipeline review indicates that a handful of deals that we initially expected to close in the second quarter are now expected to close in the latter part of the year. As such, for the second quarter 2019, we expect total revenue to be in the range of \$75.3 million to \$78.3 million, representing year-over-year growth of 14% at the midpoint. We expect operating loss in the range of \$20.8 million to \$20.0 million, and loss per share to be in the range of \$0.48 to \$0.46 based on approximately 45.4 million weighted shares outstanding.		

<sup>5</sup> *Ibid.*<sup>6</sup> *Bloomberg First Word*, "ForeScout Sinks 17% After 2Q Sales View Lags Lowest Estimate (1)," May 9, 2019, 5:10 PM.<sup>7</sup> *Thomson Reuters, StreetEvents*, "FSCT.OQ – Q1 2019 ForeScout Technologies Inc Earnings Call, EVENT DATE/TIME: MAY 09, 2019 / 8:30PM GMT," May 9, 2019, 4:30 PM.

**Exhibit 12**

Impact Date	Event
	<p>For the full year 2019, we now expect total revenue to be in the range of \$365.3 million to \$375.3 million, representing year-over-year growth of 24% at the midpoint. Operating loss in the range of \$15.6 million to \$11.6 million. And loss per share in the range of \$0.41 to \$0.34, based on approximately 45.5 million weighted shares outstanding.</p> <p>An analyst for JP Morgan pressed DeCesare on the reasons for reported slippage of deals until later in the year, and noted the interest in that subject among the analyst community:<sup>8</sup></p> <p>So I'm sure a bunch of folks are going to pile on the deals moving later in the year idea. You mentioned just not materializing until later. Well, can you just give us a little bit more insight ... why. Is it they need more signatures, the project time line has shifted, there's other technology priorities? Why do you think they're materializing later in the year?</p> <p>DeCesare assured analysts that "[t]here's not really anything there that could be drilled into":<sup>9</sup></p> <p>So first, understand that every one of those deals is still in pipeline ... . We had originally thought they would be more naturally suited for Q2 and they just slipped a little bit. So I said earlier kind of there's not really a single flavor to them in the sense that they span different industries and different figures for us and things like that. There's not really anything there that could be drilled into.</p> <p>Harms assured analysts of the Company's confidence in its new guidance for year 2019, given that "we've already got the tech win," <i>i.e.</i>, customers had already chosen Forescout as supplier.<sup>10</sup></p>

<sup>8</sup> *Ibid.*<sup>9</sup> *Ibid.*<sup>10</sup> *Ibid.*



## Exhibit 12

Impact Date	Event
	<p>The analyst for Needham asked CEO DeCesare if he had “adequately thought through” the impact on the Company’s growth, of successful but later closings of the deals pushed out from the second quarter.<sup>11</sup></p> <p>It’s pretty easy to come to the conclusion that those transactions will in fact close, but the other side of the coin, when these deals get pushed out, it notoriously causes some diminishment of growth because it requires sales capacity to push them to close and push them to the revenues. Have you adequately thought through the impact that it has on your sales team’s ability to do the secondary deals or third deals as a result of their time line here? Or alternatively, is the deal size increasing enough to offset the impact of them spending more time closing deals that were expected in the first half?</p> <p>DeCesare cautioned the analyst “not to read too much into the handful of deals that’s in the second quarter.”<sup>12</sup></p> <p><b>Bank of America Merrill Lynch</b> wrote that the Company’s first quarter revenue and EPS were “above Street expectations,” but second quarter revenue and EPS guidance were “well below the Street’s [estimates] due to several deals being pushed out from 2Q to 2H.” The analyst “view[ed] the stock pullback (-13% after hours) as an overreaction” and observed that “Management raised FY19 revenue/EPS guidance ... for the 1Q beat, noting confidence that technology wins should drive a ramp in 2H and reverse 2Q weakness”.<sup>13</sup></p> <p>Healthy 1Q, though soft guidance related to deal timing  ForeScout reported 1Q revenue/EPS of \$75.6mn/-41c, above Street expectations by \$1.6mn/3c. However, 2Q revenue/EPS guidance of \$76.8mn/-47c was well below the Street’s \$83.0mn/-24c due to several deals being pushed out from 2Q to 2H. Management raised FY19 revenue/EPS guidance by \$2.2mn/3c to account for the 1Q beat, noting confidence that technology wins should drive a ramp in 2H and reverse 2Q weakness. Management commented that ForeScout</p>

<sup>11</sup> *Ibid.*

<sup>12</sup> *Ibid.*

<sup>13</sup> Bank of America Merrill Lynch, “ForeScout Technologies, Inc, Looking through deal timing issues to a strong 2H and beyond; reiterate Buy,” May 10, 2019, 4:00 AM.

**Exhibit 12**

Impact Date	Event
	<p>has already been approved on a technology basis in all of the pending deals, which typically leads to commits. We therefore view the stock pullback (-13% after hours) as an overreaction, and believe it creates a particularly attractive buying opportunity; we reiterate our Buy and \$50 PO.</p> <p>Positive trends across the board, despite tough comps 1Q revenues accelerated 26.6% YoY and demand was healthy across product lines, verticals, and geographies. The company added 89 net new logos and 1.6mn devices under management in 1Q, with significant wins in the retail and auto industries. Licensing grew 27% YoY and management re-segmented Services revenues into two categories, Subscription and Services, to provide better visibility into recurring subscription revenues vs lower-margin professional service engagements. Subscription (45% of total revenues) grew 28% YoY, while Services (5% of total) grew 15% YoY.</p> <p>Several revenue drivers to materialize At a high level, we see several drivers which should set up the company for a strong 2H and 2020. ForeScout's unified IT and OT solution was released during the quarter and is already seeing traction; management noted that one of its delayed deals was pushed out because the customer wants to trial ForeScout in its OT environment in addition to the company's IT land. We expect incremental OT products such as SilentDefense to begin to contribute to revenues in 2H. EyeSegment, a device segmentation product, will be released this year and should provide an important layer to ForeScout's platform as network segmentation is a growing security focus. EyeSegment should be incremental to revenue in 2020 and is one of the more strategic pipeline products.</p> <p><b>Berenberg</b> wrote that the Company's first-quarter results "were ahead of expectations on both the top and bottom line," but Forescout stock was "down 13% after hours on weaker than expected Q2 guidance" that was "well below both ours and the Street's expectations." However, the analyst "point[ed] out that the guide is the result of a slipped</p>

## Exhibit 12

Impact Date	Event
	<p>deal and not a missed deal, as management raises the full year guidance,” and therefore “we view Q2 guidance as noise”:<sup>14</sup></p> <p>ForeScout reported Q1 results that were ahead of expectations on both the top and bottom line. The stock, however, is down 13% after hours on weaker than expected Q2 guidance. We would point out that the guide is the result of a slipped deal and not a missed deal, as management raises the full year guidance. With the overall thesis remaining strong, we view Q2 guidance as noise. As such, we are reaffirming our Buy rating and maintain our \$54 price target.</p> <p>Q1 recap: Revenue of \$75.6m was up 27% yoy and ahead of expectations of \$73.7m. The beat was mainly driven by product revenue of \$37.68m, up 27% and ahead of consensus expectations of \$36m. Gross margin was 77%, up 295 bp yoy. Product gross margin was 81.3%, up 500bp yoy. GAAP operating income for the quarter was (\$17.8m) vs. (\$13.9m) a year ago and slightly ahead of consensus of (\$18m). EPS for the quarter was (\$0.41), ahead of consensus of (\$0.44). FCF in the quarter came in positive at \$4.9m.</p> <p>Our view: Q1 was a strong start to the year as sales of both CounterAct and extended modules appear to be positive. Despite some fears raised at the investor day in March around the potential unbundling and its subsequent effect to revenues (ForeScout investor day takeaways), there were no deals in Q1 where a customer purchased only eyeSegment over the bundled offering. Additionally, extended modules represented 19% of product revenue. Investments into the salesforce continue to pay off, with international revenues growing 83% yoy, coupled with increased revenue diversification at a vertical level. Gross margins continue to benefit from an increased shift toward software revenue (69% of product revenue). S&amp;M continues to pressure operating margins as management invests further into building out the sales force. We believe these investments are justified as ForeScout is only in the early stages of a very large TAM opportunity.</p>

<sup>14</sup> Berenberg, “ForeScout Technologies Inc., Q2 is only noise, maintain our Buy rating,” May 10, 2019.

**Exhibit 12**

Impact Date	Event
	<p>Guidance: Management released second quarter guidance that was well below both ours and the Street's expectations. The key takeaway here is that the miss is due to slipped deals that should eventually close. Additionally, management has such conviction in their pipeline that they raised revenue guidance for the full year. We believe management can achieve their FY targets despite the slipped deal and due to the fact that the original guide was likely on the conservative side.</p> <p>Valuation: We value ForeScout on an EV to revenue multiple of 5.0x to arrive at our price target of \$54. We maintain our Buy rating.</p> <p><b>FBN</b> wrote that the Company “reported a FQ1 revenue and EPS beat with the revenue upside driven by stronger than expected license growth ... which was in turn driven by strong software growth.” However, the analyst observed that Forescout's stock was “looking to exhibit weakness today due to weaker than expected FQ2 revenue guidance”:<sup>15</sup></p> <p>Reiterate Outperform. We reiterate our Outperform rating and \$45PT on FSCT. The company reported a FQ1 revenue and EPS beat with the revenue upside driven by stronger than expected license growth (27% Y/Y, more than the 21% Y/Y consensus) which was in turn driven by strong software growth (+65% Y/Y). The stock is looking to exhibit weakness today due to weaker than expected FQ2 revenue guidance (\$75.3M-\$78.3M, below consensus of 82.8M) which is due to the timing of the close of a handful of deals that the company initially expected to close in FQ2 but is now expected to close in the latter part of F2019. Note that although the company is providing FQ2 revenue below consensus, it is actually raising its F2019 revenue outlook by \$.2M as the company notes a solid pipeline. FQ2 2019 NG GM% is expected to decline Y/Y, but this is because the company had an abnormally strong quarter in extended modules in FQ2 2018. International revenue grew by a strong 83% Y/Y, so according to our model Americas growth slowed to ~11% Y/Y from over 30% Y/Y in FQ4.</p>

<sup>15</sup> FBN Securities, “ForeScout Technologies, FSCT: Lower than Expected FQ2 Guide due to Deal Timing, but Full-Year Revenue Expectations Intact – Retain Outperform,” May 10, 2019.

## Exhibit 12

Impact Date	Event
	<p>FQ1 results. For the FQ2 quarter, FSCT reported revenue of \$75.6M (+27% Y/Y and 2.5% above consensus of \$ 73.7M) and NG EPS of -\$0.41 (above consensus of - \$0.44). License revenue of \$37.7M grew by 27% Y/Y and beat consensus of \$36.0M, while maintenance and support revenue of \$37.9M grew by 27% Y/Y and beat consensus of \$37.7M, with subscription alone revenue of \$33.8M growing by 28% Y/Y. NG GM% of 76.7% grew by 3.0pp Y/Y and beat consensus of 76.2%. NG opex of \$75.8M grew by 31% Y/Y and came in line with our estimate. This led to NG operating income of -\$17.8M, toward the high-end of the guided - \$18.7M to -17.7M. Cash flow from operations was +\$6.4M (better than consensus of -4.7M).</p> <p>FQ2 guidance. For the FQ3 quarter, FSCT is guiding for revenue of \$75.3M-78.3M (below consensus of \$82.79M) and NG EPS of -\$0.48 to -\$0.46 (below consensus of - \$0.24).</p> <p><b>JP Morgan</b> wrote that the Company’s quarterly revenue and EPS topped its expectations and consensus, “and the full-year guidance now reflects that upside.” The analyst commented that “investors are likely to react to the commentary that several deals are pushing later in the year causing the June quarter guidance to come in below expectations making it a much more backend loaded fiscal year”:<sup>16</sup></p> <p>Results for the quarter came in a bit ahead of expectations and the full-year guidance now reflects that upside. But investors are likely to react to the commentary that several deals are pushing later in the year causing the June quarter guidance to come in below expectations making it a much more backend loaded fiscal year. This comes on the back of lackluster results from other cybersecurity companies including Sailpoint (SAIL/Not Rated). We expect investors to remain cautious around cybersecurity stocks until we see evidence of better results from additional vendors. The reason for the push out in deals appears to be increased deal sizes and other company specific issues. Given the below sector average valuation we are remaining Overweight on Forescout.</p> <p>Revenue and EPS beat. FSCT reported 1Q19 revenue/non-GAAP EPS of \$75.6M/(\$0.41) compared to our estimate of \$74.0M/(\$0.43) and Street’s \$73.7M/(\$0.44).</p>

<sup>16</sup> JP Morgan, “ForeScout, 1Q19: Decent Results, but Shifting Deals Weigh on June Guidance,” May 10, 2019, 1:01 AM.

## Exhibit 12

Impact Date	Event
	<p>Positives: License revenue, bookings diversification and broader product adoption. Relative to our expectations the company beat on the License revenue line by \$2.3M which more than made up for the slight miss on the services line. One particular positive note around the revenue results is the diversification given the results came in without a megadeal in the quarter. Finally, the company is seeing good uptake across the product portfolio and it is not heavily skewed toward eyeExtend as it was in the first half of 2018.</p> <p>Issues: Deals push out and margin guide. Management mentioned deals that were originally anticipated for the June quarter are now targeted for later in the fiscal year for a number of reasons. They believe it is not an indication of longer-term demand. In addition, it appears our model, as well as street consensus, did not have proper seasonality for R&amp;D spending which is exaggerating the downward shift in June quarter margin estimates.</p> <p>Reiterating our \$48 price target. Or December 2019 price target is based on a 5.5x multiple applied to our 2020 sales estimate.</p> <p><b>JP Morgan</b>, in a later report, “update[ed] [its] model for the [Company’s] seasonality in revenue driven by enterprise budget cycles that tend to be more back-end loaded”:<sup>17</sup></p> <p>We are updating our model for the seasonality in revenue driven by enterprise budget cycles that tend to be more back-end loaded. We are revising our Q3/Q4 revenue estimates from \$106.3M/\$111.6M to \$100.2M/\$117.8M but our total revenue for FY19 remains unchanged at \$370.1M.</p> <p>Revised billings estimate for 2Q19. Our billings estimate has been revised from \$82.0M to \$83.2M to track it more closely with the sequential growth in revenue from Q1 to Q2. Our billings for FY19 has increased by \$1.2M to \$400.8M.</p>

<sup>17</sup> JP Morgan, “ForeScout, Model Update,” May 10, 2019, 1:47 PM.

## Exhibit 12

Impact Date	Event
	<p><b>Morgan Stanley</b> wrote that the Company's "Q1 saw broad based strength with license revenue 9% ahead of consensus" and "[t]his strength flows through to a higher FY19 outlook." However, the analyst commented that "the below consensus Q2 guide likely steals the spotlight from an otherwise solid Q1 result." Morgan Stanley raised its price target for the Company to \$48 from \$46 "on the back of higher estimates":<sup>18</sup></p> <p>FSCT posted a strong Q1, with product rev. up +27% YoY against a difficult comp while FY19 outlook moves higher. Timing of large deals create shifts in rev from Q2 to 2H, a dynamic inherent in this lumpy business. But taking a full year view, fundamentals and pipeline are improving, keeping us OW.</p> <p>It's a Bumpy Ride, But End Destination is Worth it. Forescout's Q1 saw broad based strength with license revenue 9% ahead of consensus and up 27% YoY with management noting increased diversification across verticals, product lines (EyeSight, EyeControl, EyeExtend) and deployment method (software vs hardware). This strength flows through to a higher FY19 outlook which now looks for &gt;24% YoY revenue growth. However, the below consensus Q2 guide likely steals the spotlight from an otherwise solid Q1 result. As we've written about in the past, Forescout faces one of the lumpier business models in software given its reliance on large deals and the Q2 guide brings this to the forefront. However, we're encouraged that 1) this is a timing dynamic versus fundamental with management convicted in the closure rates of these large deals in 2H; 2) the full year guide moves up but remains conservative with management noting a very healthy pipeline of earlier stage large deals not yet embedded in the FY19 guide; and 3) tailwinds like a strong Federal spending environment, emerging Operational Technology (OT) opportunity and ramping sales capacity should continue to strengthen through CY19. At 4.9x CY20e revenue / 0.23x growth vs. security peers at 7.3x / 0.43x growth, FSCT well discounts its lumpier business model and undervalues its increasingly attractive secular positioning, which we think will come to greater light in FY19. We move our price target to \$48 on the back of higher estimates and see FSCT as an interesting opportunity for patient investors.</p>

<sup>18</sup> Morgan Stanley, "Forescout Technologies Inc, 1Q19 Results: Different Path, But Same Destination," May 10, 2019, 12:01 AM.

## Exhibit 12

Impact Date	Event
	<p><b>Needham</b> wrote that the Company’s quarterly results “looked strong but the 2Q Revenue and EPS guide is below Street modeled numbers,” which were impacted by “a timing-to-close issue.” However, the analyst remarked that the Company’s “results were much stronger than the stock is indicating” as “the full year guide increased and the tone was strongly upbeat”:<sup>19</sup></p> <p>ForeScout beat, lowered and raised. Yup one of those calls. The quarter that was reported looked strong but the 2Q Revenue and EPS guide is below Street modeled numbers. Normally, this is a red flag, but in this case it sounds ok as the company noted they have won all these deals and it’s strictly a timing-to-close issue. Even better, the deals are primarily slipping due to increased sizing and in some cases inclusion of OT/IoT integration with conventional IT visibility and control. Simply put, the up-sized deals take longer to close. This all leads to an increase in the full year guide despite the lower CY2Q. We think the strong pipeline commentary, strong Government outlook and significant success expanding internationally trump the deal closure timing issues. We are Reiterating our Buy and \$50 Price Target.</p> <p>FSCT Is Indicating Down Post Print at \$38 from \$44, We Think It’s a Misread of the Results. With the current sloppiness in the market as one investor stated to me today: “everything has to be really clean or it’s at risk”. The quarter was clean but the guide for 2Q wasn’t, even if the full year guide increased and the tone was strongly upbeat. In our opinion, the results were much stronger than the stock is indicating and we are decidedly buyers post-print. We find no issues here. Operations are strong, the pipeline is robust and the deal sizes are getting larger and the SaaS subscription model is getting solid traction.</p> <p>Up-Sized Deals Take Longer to Close But Help CY2H Growth. The two key points here are the deals are already won and mostly with new customers. Second, the deals that are slipping out of the June quarter are likely to close in CY2H without requiring more resources and are also now expected to be larger. A number of these deals are being up-sized to include OT and IT integration. We see this as a positive indicator that the cross sell potential is starting to materialize. We see this as ironically a positive.</p>

<sup>19</sup> Needham, “ForeScout Technologies, Inc., FSCT: Solid 1Q, Soft 2Q Guidance on Deal Timing, Raised Full Year Outlook,” May 10, 2019.



**Exhibit 12**

Impact Date	Event
	<p>Strong Government Pipeline on Both Civilian CMD as Well as on the Defense Side. Timing not scope of opportunity is the primary issue here, as we see it. The pipeline is highly robust on both sides as well as in State and Local programs. Both of these major projects are congressionally mandated. We think it likely that the Defense program will get funded going into the Federal FY20 and given the pipeline of Defense projects, this could pop in CY4Q19 and drive strong Federal business in CY20.</p> <p>International Expansion Gains a Head of Steam. ForeScout has been building out its international capacity over the last year and its investments paid off as both EMEA and APAC grew over 40% reaching a combined 30% of Revenues. Management called out numerous key wins in these markets on the call.</p> <p><b>Summit</b> wrote that the Company provided “[d]isappointing 2Q guidance,” but the analyst “believe[d] execution issues are fixable and competitive position is still intact”:<sup>20</sup></p> <p>Remain BUY rated as we believe execution issues are fixable and competitive position is still intact;</p> <p>Deal pushouts common in perpetual models; Hence investors shy afford lower multiples</p> <p>Now a show-me story; F2Q execution and F3Q guidance key for the stock to work;</p> <p>Young companies have execution challenges one-time or another after their IPO;</p> <p>Best positioned IoT/OT technology for next generation security;</p> <p>Deep moat with more business likely to come over next couple of years;</p>

<sup>20</sup> Summit Insights Group, “Forescout, Disappointing 2Q guidance stalls the story; Remain BUY and \$50 PT,” May 9, 2019.

**Exhibit 12**

Impact Date	Event
	<p>Patient investors will be amply rewarded.</p> <p>Cheapest Cybersecurity name in our coverage universe</p> <p>Compelling valuation with the stock trading at 3.2x EV/sales versus the peer group average of 7.0x in 2020;</p> <p>Model update attached</p> <p><b>UBS</b> wrote that the Company’s “2Q guide optics – revenue \$6M below, op profits \$10M below expectations – along with a 3% topline beat vs. average 7% in CY18, were the sticking points in results ... [b]ut the -13% stock reaction ... appears punitive ... .” The analyst decreased its price target for the Company to \$50 from \$52 “on our slightly higher CY20 estimates”:<sup>21</sup></p> <p>Smaller 1Q beat magnitude, 2Q guide optics to pressure shares; remain Buyers</p> <p>2Q guide optics – revenue \$6M below, op profits \$10M below expectations – along with a 3% topline beat vs. average 7% in CY18, were the sticking points in results. Deal slippage was identified as the culprit, and is likely to stoke broader demand and budgetary concerns (given softness in results across the cybersecurity landscape), however, FSCT was resolute in that this was purely a timing challenge, while asserting no changes to the health and quality of the CY19 pipeline from 90 days ago. Furthermore, mgmt suggested low dependency on the 2Q pushouts to achieve the now 2H-weighted year, characterizing the slippage as large for 2Q (\$6M guide shortfall = ~30 deals @ \$200K avg deal size) but small relative to the overall pipeline. Results bring FSCT’s lumpy business model / quarter-to-quarter volatility back in focus (as seen in 3Q18) and we expect skepticism to elevate. But the -13% stock reaction implying 4.5x EV/S’19 for an asset still poised for 25%+ growth appears punitive, remain Buyers.</p> <p>Other moving parts in the print</p>

<sup>21</sup> UBS, “ForeScout Technologies Inc, Case of the Lumpy Model, Again,” May 10, 2019.

**Exhibit 12**

Impact Date	Event
	<p>International momentum continued apace at 83% YoY credited to APAC, as ex-US investments show ongoing yield. GMs 77% were in line with UBSe but -400bps QoQ on product mix shifting back to hardware. This dynamic will persist into 2Q with implied YoY compression as FSCT laps a uniquely robust Extended Module performance (kna eyeExtend). OPM -24% felt the lighter GM impact and higher than modelled S&amp;M spend and this level will also persist into 2Q as R&amp;D ramps around SaaS SKUs.</p> <p>All things considered, above consensus UBSe growth still intact but OPM lower 1Q's beat was rolled through FY19 guide, which likely leaves consensus models unchanged. Our Street high revenue is intact falling at the top-end of the revised revenue range, though our profitability forecasts sink lower on revised GM/R&amp;D inputs.</p> <p>Valuation: some 2H-weighted risk but growth still stable / up Trimming PT to \$50 (prior \$52) on our slightly higher CY20 estimates. Our PT is 5x EV/S (prior 5.5x) on UBSe revs growing +24% YoY (prior 21%) vs. peers' median 6x, +18% YoY. Lowered multiple reflects risk from more 2H-weighted CY19 and widens the peer group discount on mixed op profitability trends, and more pronounced lumpiness.</p> <p>News media attributed the decrease in Forescout's stock price in after-hours trading on May 9, 2019, and during the trading day on May 10, 2019, to the Company's announcements.<sup>22</sup></p> <p>Following the Company's disclosures on May 9, 2019, according to Bloomberg, the average of analysts' price targets for Forescout stock increased to \$47.40 from \$46.70, or 1.50%. All 11 analysts who published investment</p>

<sup>22</sup> See, e.g., *Dow Jones Institutional News*, "Forescout Stock Falls On Second-quarter Outlook – MarketWatch," May 9, 2019, 4:53 PM; *Bloomberg First Word*, "ForeScout Sinks 17% After 2Q Sales View Lags Lowest Estimate (1)," May 9, 2019, 5:10 PM; *Seeking Alpha*, "Forescout -13.8% on downside revenue outlook," May 10, 2019, 8:40 AM; *Bloomberg First Word*, "ForeScout Tumbles on Weak Forecast While Analysts Remain Upbeat," May 10, 2019, 11:04 AM.

**Exhibit 12**

Impact Date	Event
	<p>ratings for the Company both before and after the earnings announcement maintained their ratings. (See Exhibit 5C.<sup>23</sup>)</p> <p><b>Remark:</b> Given that: (i) the Company’s first-quarter results “were ahead of expectations on both the top and bottom line”;<sup>24</sup> and (ii) “the below consensus Q2 guide likely steals the spotlight from an otherwise solid Q1 result,”<sup>25</sup> the statistically significant Company-specific stock price decline on May 10, 2019 is consistent with that expected in an efficient market.</p>
8/8/2019	<p>After market close on Wednesday, August 7, 2019, the Company reported its second-quarter 2019 financial results. For the quarter, Forescout reported total revenue of \$78.3 million and non-GAAP EPS loss of -\$0.33.<sup>26</sup></p> <p>The consensus estimates of quarterly revenue and non-GAAP EPS were \$77.21 million and -\$0.46, respectively.<sup>27</sup></p> <p>Michael DeCesare, then-CEO and President of Forescout, commented on the Company’s results:<sup>28</sup></p>

<sup>23</sup> Exhibit 5C contains a summary of analysts’ price targets and rating actions for Forescout surrounding each event date, as provided by *Bloomberg*.

<sup>24</sup> Berenberg, “ForeScout Technologies Inc., Q2 is only noise, maintain our Buy rating,” May 10, 2019. *See also, e.g.*, Bank of America Merrill Lynch, “ForeScout Technologies, Inc, Looking through deal timing issues to a strong 2H and beyond; reiterate Buy,” May 10, 2019, 4:00 AM; JP Morgan, “ForeScout, 1Q19: Decent Results, but Shifting Deals Weigh on June Guidance,” May 10, 2019, 1:01 AM; Needham, “ForeScout Technologies, Inc., FSCT: Solid 1Q, Soft 2Q Guidance on Deal Timing, Raised Full Year Outlook,” May 10, 2019.

<sup>25</sup> Morgan Stanley, “Forescout Technologies Inc, 1Q19 Results: Different Path, But Same Destination,” May 10, 2019, 12:01 AM. *See also, e.g.*, Berenberg, “ForeScout Technologies Inc., Q2 is only noise, maintain our Buy rating,” May 10, 2019; FBN Securities, “ForeScout Technologies, FSCT: Lower than Expected FQ2 Guide due to Deal Timing, but Full- Year Revenue Expectations Intact – Retain Outperform,” May 10, 2019; JP Morgan, “ForeScout, 1Q19: Decent Results, but Shifting Deals Weigh on June Guidance,” May 10, 2019, 1:01 AM.

<sup>26</sup> *GlobeNewswire*, “Forescout Technologies Reports Second Quarter 2019 Financial Results,” August 7, 2019, 4:05 PM.

<sup>27</sup> *TheFlyontheWall.com*, “16:25 EDT ForeScout reports Q2 EPS (33c), consensus (46c)Reports Q2 revenue,” August 7, 2019.

<sup>28</sup> *GlobeNewswire*, “Forescout Technologies Reports Second Quarter 2019 Financial Results,” August 7, 2019, 4:05 PM.

**Exhibit 12**

Impact Date	Event												
	<p>We delivered a solid second quarter as we continue to execute well against our growth opportunity, while at the same time driving leverage in the business. We added a record number of devices under management in the quarter, increasing 123% year-over-year, and continue to see good diversification across verticals in both new wins and expansion deals .... The macro trends of the growth in network-connected devices, interconnectivity of IT and OT networks, and the move toward security automation is making device visibility and control a critical necessity in securing assets across organizations. With our unique portfolio of solutions for device visibility, control and orchestration across campus, data center, cloud and OT, Forescout is uniquely positioned to help organizations mitigate risk and meet their cybersecurity needs.</p> <p>Criss Harms, then-CFO of Forescout, also commented on the Company’s results:<sup>29</sup></p> <p>We are pleased with our second quarter results, highlighted by total revenue of \$78.3 million, which was an increase of 16% year-over-year .... In the quarter, we saw meaningfully higher than expected customer adoption of term-based licenses which increased the percentage of recurring revenue within our business. At the same time, we continue to make progress on our path to sustainable profitability, benefiting from operational efficiencies.</p> <p>The Company also announced third-quarter guidance and updated full-year 2019 guidance:<sup>30</sup></p> <table><tr><td></td><td>3Q 2019</td><td>Full-Year 2019</td></tr><tr><td>Revenue (millions)</td><td>\$98.8 - \$101.8</td><td>no change</td></tr><tr><td>Non-GAAP operating income (millions)</td><td>\$2.6 - \$3.6</td><td>no change</td></tr><tr><td>Non-GAAP EPS</td><td>\$0.04 - \$0.06</td><td>-\$0.41 - -\$0.33</td></tr></table>		3Q 2019	Full-Year 2019	Revenue (millions)	\$98.8 - \$101.8	no change	Non-GAAP operating income (millions)	\$2.6 - \$3.6	no change	Non-GAAP EPS	\$0.04 - \$0.06	-\$0.41 - -\$0.33
	3Q 2019	Full-Year 2019											
Revenue (millions)	\$98.8 - \$101.8	no change											
Non-GAAP operating income (millions)	\$2.6 - \$3.6	no change											
Non-GAAP EPS	\$0.04 - \$0.06	-\$0.41 - -\$0.33											

<sup>29</sup> *Ibid.*<sup>30</sup> *Ibid.*

**Exhibit 12**

Impact Date	Event
	<p>The consensus estimates of the Company’s third-quarter revenue and non-GAAP EPS had been \$100.69 million and \$0.11, respectively.<sup>31</sup></p> <p>The same day, after market close, the Company held a conference call with investment analysts. During the question-and-answer portion of the call, an analyst for JP Morgan asked management for information on the Company’s success in closing deals in the second quarter:<sup>32</sup></p> <p style="padding-left: 40px;">... the close rates must have been decent, can you just maybe peel back the onion just a little bit and kind of talk to you what you saw in terms of close rates both in the government and commercial side of the business vis-à-vis what you saw last quarter?</p> <p>DeCesare replied that “[w]e definitely saw an acceleration in close rates this quarter .... [T]he close rates remain very strong here.” Harms added that “[o]ur kind of postmortem on Q2 was really reflective of some pent-up demand.”<sup>33</sup></p> <p>Later in the call, CEO DeCesare stated “we’re quite happy with the level of pipeline we’re building .... [T]here’s a lot of indicators for us inside the business that are pointed in the right direction.”<sup>34</sup></p> <p><b>Bank of America Merrill Lynch</b> wrote that the Company’s revenue and EPS were better than consensus and the analyst “remain[ed] positive on strong demand trends, the shift to subscription, upcoming product releases, and an attractive cross-sell opportunity.” BofA commented that the Company’s “3Q19 revenue guidance was \$1mn below our estimate for \$101.3mn, though we note the recent introduction of one-year term based licenses has created a</p>

<sup>31</sup> *TheFlyontheWall.com*, “16:27 EDT ForeScout sees Q3 EPS 4c-6c, consensus 11c Sees Q3 revenue,” August 7, 2019.

<sup>32</sup> *Thomson Reuters, StreetEvents*, “FSCT.OQ – Q2 2019 ForeScout Technologies Inc Earnings Call, EVENT DATE/TIME: AUGUST 07, 2019 / 8:30PM GMT,” August 7, 2019, 4:30 PM.

<sup>33</sup> *Ibid.*

<sup>34</sup> *Ibid.*

**Exhibit 12**

Impact Date	Event
	<p>revenue headwind that negatively skews the number.” The analyst “expect[ed] Forescout to continue to benefit from strong demand trends”:<sup>35</sup></p> <p>2Q results better than expectations Revenue of \$78.3mn were slightly above Street’s \$77.4mn, and EPS of –33c was 13c better than Consensus. Gross margin of 79.6% was also above the Street’s 75.4% as customers continue to gravitate toward software deployment vs hardware. 3Q19 revenue guidance was \$1mn below our estimate for \$101.3mn, though we note the recent introduction of one-year term based licenses has created a revenue headwind that negatively skews the number. Overall, we remain positive on strong demand trends, the shift to subscription, upcoming product releases, and an attractive cross-sell opportunity; We increase our EPS estimates on better margins (see Table 2), and reiterate our Buy and \$50 PO.</p> <p>Strong demand: 6.1mn devices added to the platform In 2Q, ForeScout landed 90 new customers, added a very impressive 6.1mn devices to its core eyeSight platform, up 123% YoY, and license revenue from eyeSight and eyeControl was up 77% YoY. All three metrics reflect strong demand for the core platform and provide a solid base for future cross-selling to attached modules via eyeExtend. With a 121% net retention rate and 39% of customers purchasing one or more eyeExtend module, the cross-sell opportunity remains attractive, in our view. Management also highlighted several strong wins in the quarter including a seven-figure competitive bakeoff vs a legacy network provider and multiple government mandates. We expect ForeScout to continue to benefit from strong demand trends and continue to view its robust device visibility platform and third-party integrations as differentiators.</p> <p>Subscription shift pushes out revenue recognition In April 2019, ForeScout introduced a one-year term based license (TBL) consumption model in addition to its traditional perpetual license model. The new model provides a near-term revenue</p>

<sup>35</sup> Bank of America Merrill Lynch, “ForeScout Technologies, Inc, Softness on surface due to new licensing model, but strength underneath,” August 8, 2019, 6:58 AM.

## Exhibit 12

Impact Date	Event
	<p>headwind as less revenue is recognized up-front. In the quarter, ForeScout recorded \$11.2mn of TBLs which would translate to ~\$24.5mn of revenue if sold via perpetual licenses. As such, on a hypothetical pro-forma basis, 3Q revenue growth was strong at ~36% YoY vs the reported 15.8%. We note, however, that some of the strength can be attributed to pent-up demand for the new TBL model. Guidance for 3Q19 and 4Q bake in continued mix shift towards one year TBLs, although at a slower rate than 2Q, and we therefore look past the slight softness in the implied 4Q numbers.</p> <p><b>FBN</b> wrote that the Company's revenue beat consensus on "strong pro-forma license," which was "impressive" along with a beat on EPS. The analyst noted that the Company's third quarter revenue guidance was in-line with consensus, but EPS was short. FBN increased its price target for the Company to \$50 from \$45 "on strong pro-forma license and total revenue growth":<sup>36</sup></p> <p>Reiterate Outperform and raising PT to \$50 on strong pro-forma license and total revenue growth. We reiterate our Outperform rating and raise our PT from \$45 to \$50 on FSCT. It is impressive that even though term licenses accounted for \$11.2M of license revenue (vs. none the year before), FSCT was still able to beat revenue consensus as its \$78.3M in revenue was 1% above consensus of \$77.2M. This is impressive because FSCT's traditional perpetual license/3-year maintenance agreements produce about 2.2x as much revenue as term license revenue, so the \$11.2M in term license revenue last quarter would have created \$13.4M in additional term license revenue and total revenue. Therefore, pro-forma (using all perpetual) total revenue would have been \$92M, up 36% Y/Y (accelerating from 27% Y/Y growth in FQ1) and much more than consensus of \$77M. Moreover, pro-forma license revenue would have been \$52.3M, up 52% Y/Y and much more than our \$35.5M estimate. We have corrected our model to reflect the corrected FQ3 guidance provided in the 8-K.</p> <p>FQ2 results. For the FQ2 quarter, FSCT reported revenue of \$78.3M (+16% Y/Y and above consensus of \$ 77.2M) and NG EPS of -\$0.33 (above consensus of -\$0.47). Revenue would have</p>

<sup>36</sup> FBN Securities, "ForeScout Technologies, FSCT: Pro-Forma (for Term Licenses) Revenue and License Revenue Growth Rates Accelerating – Raising PT to \$50," August 8, 2019.



## Exhibit 12

Impact Date	Event
	<p>been \$92M, up 36% Y/Y (accelerating from 27% growth in FQ1) adjusted for term licenses (discussed below). License revenue of \$38.8M (above our \$35.5M estimate) grew by 13% Y/Y as reported and by 52% Y/Y adjusted for \$11.2M of term license revenue which, using a 2.2x multiplier, would have been \$13.4M higher (please see our model which shows both the reported and pro-forma license numbers). Within license, hardware revenue of \$7M declined by 29% Y/Y, while software revenue of \$31.9M grew by 30% Y/Y (above our \$25.0M estimate). Within software, eyeSight/eyeControl/SilentDefense (from late 2018 SecurityMatters acquisition) revenue was \$22.7M, up 244% Y/Y and up 21% Q/Q (and above our \$18.0M estimate) while eyeExtend revenue of \$9.2M, though down 49% Y/Y, grew by 26% Q/Q and beat our \$7.0M estimate. Maintenance and professional services revenue of \$39.4M grew by 19% Y/Y and came in below our \$41.7M estimate as both subscription (\$34.8M, up 20% Y/Y) and professional services (\$4.6M, up 8% Y/Y) came in below our estimate. Deferred revenue of \$173.1M grew by 18% Y/Y and came in below our \$181.6M estimate due to term license displacement of perpetual/3-year maintenance agreement. This led to billings of \$73.3M, up a strong 61% Y/Y but still below our \$80.7M estimate. NG GM% of 79.6% grew by .2pp Y/Y and exceeded our 74.9% estimate as license GM% of 87.0% grew by 1.1pp Y/Y and by 5.7pp Q/Q (and exceeded our 80.1% estimate). Subscription GM% of 85.3% declined by 3.1pp Y/Y and was slightly above our 85.0% estimate. Professional services GM% of -25.7% increased by 7.6pp Y/Y and exceeded our -38.0% estimate. NG opex of \$77.0M grew by 26% Y/Y and came in below our \$78.4M estimate. This led to NG operating income of -\$14.7M, \$5.3M above the high-end of guidance (which was -\$20.0M).</p> <p>FQ3 guidance. For the FQ3 quarter, FSCT is guiding for revenue of \$98.8-101.8M (vs. consensus of \$100.7M) and NG EPS of \$.04-\$.06 (below consensus of \$.11).</p> <p><b>JP Morgan</b> wrote that the Company reported a “[r]evenue beat and big EPS upside” versus its estimates and consensus, as “the core business demand [was] accelerating and close rates improving.” The analyst opined that “this was a strong result that we think, combined with the valuation, points to brighter things in the back half of the year.” JP Morgan raised its price target for the Company to \$54 from \$48:<sup>37</sup></p>

<sup>37</sup> JP Morgan, “ForeScout, 2Q19: Core Business Accelerates,” August 8, 2019, 2:02 AM.

**Exhibit 12**

Impact Date	Event
	<p>The June quarter was a big step in the right direction with the core business demand accelerating and close rates improving. In addition, the introduction of a term subscription option is improving the recurring portion of the business but that does come at the expense of near term deferred revenue and cash flow as there will be fewer three year deals collected upfront. Overall, this was a strong result that we think, combined with the valuation, points to brighter things in the back half of the year.</p> <p>Revenue beat and big EPS upside. FSCT reported 2Q19 revenue/non- GAAP EPS of \$78.3M/(\$0.33) compared to our estimate of \$76.6M/(\$0.48) and Street's \$77.2M/(\$0.46).</p> <p>Positives: Accelerating core business, accelerating growth in Asia, +120% net retention rate. The strong sales of the eyeSight and eyeControl offerings drove the core business acceleration. In addition the company added 6.1M new devices to the platform, a 123% yoy increase, resulting in now over 73M in the install base. Asia Pacific and Japan region represented 11% of revenue in the quarter compared to 4% in Q218, growing over 218% yoy, as the investment in the sales buildout is paying off. Net retention rate of 121% beat our estimate of 113% as the company continues to show the ability to upsell into the existing customer base.</p> <p>Issues: Term option weighs on deferred revenue and cash flow. Term based licenses were introduced in Q2 and shift of new customer contracts from three-year perpetual to one-year term license hit the deferred revenue, billings and ultimately cash flow as the weighted average contract for new business declined from ~32 months to 28 months. In the near term this will impact deferred revenue and cash flow and we believe the recurring revenue provides more visibility into company performance in the future. We note that the TTM recurring revenue rate of 44% in quarter was up from 40% in 1Q19.</p> <p>Sales organization change. FSCT announced that Steve Redman has been appointed to the new role of Chief Revenue Officer and that the previous Head of Worldwide Sales will be transitioning out to an advisory role. Mr. Redman brings experience from running sales at other security companies and at FSCT previously ran APJ sales and was Chief Marketing Officer.</p>

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	<p>Establishing December 2020 price target of \$54. Our price target is based on 5.5x EV/Sales multiple on our 2021 revenue estimate.</p> <p><b>Macquarie</b> wrote that the Company “reported a better-than-expected Q2 driven by demand for device visibility and control, with \$11.2mn in new term licenses in the quarter.” The analyst noted that the Company’s revenue and EPS were better than consensus. Macquarie commented that Forescout “guided slightly below for Q3 due to more term, but maintained the year despite the increase term mix due to strength in the business”:<sup>38</sup></p> <p>Key points Forescout reported a better-than-expected quarter despite a rise in new term license offerings, which act as a headwind to revenues.</p> <p>The co. guided slightly below for Q3 due to more term, but maintained the year despite the increase term mix due to strength in the business.</p> <p>We reit. our Neutral rating due to heavy customer concentration and nascent markets, and keep our TP at \$41.</p> <p>Forescout reported a better-than-expected Q2 driven by demand for device visibility and control, with \$11.2mn in new term licenses in the quarter, which once adjusted for would have led to revenue growth of ~36% Y/Y vs. 16% reported. The co. is in the early days of an opportunity for traditional IT and OT device visibility, control and orchestration offerings. Solid execution is offset by customer concentration risks. Reit. N and our TP of \$41 to reflect our view of strong underlying results but low visibility.</p> <p>FQ2’19: Better Top Line &amp; Profitability Despite \$11.2m in Term License Forescout reported revs. of \$78.3mn (+16% Y/Y) vs cons. of \$77.2mn (+14.3% Y/Y) and above the midpt. of mgmt.’s guide of \$76.8mn (13.6% Y/Y) with term license of \$11.2mn, which</p>

<sup>38</sup> Macquarie, “ForeScout Technologies, Q2’19 Solid Execution,” August 7, 2019, 10:53 PM.

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	<p>would have equated to \$91.7mn in total revs. had customers taken all perpetual licenses. License revs. were \$38.8mn (+13.1% Y/Y) inline vs. cons. of ~\$38.6mn (+12.5% Y/Y) and Subs. revs. of \$34.8mn were 0.9% above cons. Within License, Software mix was 82%, up from 71% last year and 2 years ago at 36%, with hardware declining due to uptake of virtual appliances. The co. added 90 customers in the q and 6.1mn devices under Mgmt. which are now up to 72.7mn. EyeExtend attach rates to deals were 39% in Q2 and Adj. GM was 79.6% nicely above vs. cons. of 77.1%. Non-GAAP OM remained negative at -18.8% but beat cons. by 723bps at - 26.1%, which drove better Non-GAAP EPS of \$(0.33) vs. street est. of \$(0.46). CFO for quarter was \$(25.2)mn below vs. cons. of \$6.5mn. Nearly 20 deals and \$11.2mn in revenues were new term licenses, which act as a headwind to DR, Billings and FCF. EyeSegment is now in beta which will enable device based segmentation across multiple vendors from the cloud and multi-vendor environments.</p> <p>FQ3'19: Outlook Below Cons. Due to Term License, FY'19 Maintained  Forescout guided FQ3'19 to revs. of ~\$98.8-101.8mn (+17.1% Y/Y) a touch shy vs. cons. of \$100.7mn (+17.6% Y/Y), Non-GAAP Op. margin to 3.1% vs. cons of 4.5% and Adj. EPS between \$0.04 and \$0.06 vs. cons. of \$0.11, all below. Mgmt. kept FY'19 guidance calling for revs. of ~\$365.3-375.3mn (+24.4% Y/Y) at the midpt. vs cons. of \$371.1mn (+24.7% Y/Y). Non-GAAP OM's were guided to (3.7%) vs. cons of (4.4%) and Adj. EPS was maintained between \$(0.41) and \$(0.34) vs. cons. forecast of \$(0.40). Changes to our est. are outlined on Page 4.</p> <p>Valuation and Recommendation  We reit. our Neutral rating and our TP of \$41 which implies 4.0x FY'20e EV/Sales vs. cons. of 3.1x and vs. the Traditional Security peer group at 4.9x. We add that the Cloud Security peer group is now trading at 14.2x FY'2e EV/Sales, or nearly a ~300% premium to Traditional Security peers. We remain constructive on the co.'s initiatives to drive more recurring software based revs. and its opportunities in the IoT and OT space but large customer concentration and limited visibility keep at the sidelines for now.</p>

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	<p><b>Morgan Stanley</b> wrote that the Company’s revenue topped consensus, “the addition of 6.1 million devices under management (up 123% YoY) is a clear indication of the underlying strength,” and “ForeScout saw a strong bounce back to 30%+ normalized growth in Q2”.<sup>39</sup></p> <p>Beneath the impacts of a faster shift towards recurring revenue, ForeScout saw a strong bounce back to 30%+ normalized growth in Q2. At ~4X EV/CY20e revenues the increasing strategic importance and durable growth at FSCT is well underpriced in our view. Remain OW with a \$46 PT.</p> <p>Under the Hood, ForeScout Engine Starts to Rev. While licensing model changes obfuscates revenue and billings growth metrics, the addition of 6.1 million devices under management (up 123% YoY) is a clear indication of the underlying strength. ForeScout reported Q2 license revenue of \$38.8 million (+13% YoY) and total revenue of \$78.3 million (+16% YoY) ahead of consensus, even with the impacts of a bigger percentage of new sales shifting towards one year term contracts (versus perpetual licenses plus a three year maintenance contract). Management noted, using a 2.2X conversion ratio of one-year term dollars versus the perpetual contract, revenue growth in the quarter would have been +36% YoY had these deals come in as perpetual. Being early in the adoption of term contracts, management was wary of giving discreet targets for the increasing mix of recurring revenues in the base. Proper metrics and targets for tracking the transition would be helpful in garnering investor confidence in the underlying growth at ForeScout. That said, the strong demand trends for solutions enabling better visibility and control in IT and OT environments, ForeScout’s strong competitive positioning for that demand, and a valuation (~4X EV/CY20e revenues) that well under prices the durable growth potential of this story frames one of the most attractive risk/rewards in security. As the underlying growth at ForeScout grows clearer and the company heads towards a positive FCF profile (should be CY20), we see share appreciating to our \$46 price target.</p>

<sup>39</sup> Morgan Stanley, “ForeScout Technologies Inc, 2Q19 Results - Strength In Numbers,” August 8, 2019, 12:01 AM.

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	<p><b>Needham</b> “view[ed] the print as a positive” for the Company, as “the results included a much faster than expected shift to subscription.” The analyst reaffirmed full-year guidance, noting that the Company’s “CY3Q Revenue guidance is a hair below Street estimates, but this is likely primarily due to higher Subscription rates”.<sup>40</sup></p> <p>At first glance the CY2Q print caused FSCT shares to sell off 10%. But as the Street realized the results included a much faster than expected shift to subscription the stock rallied above the prior day’s closing price. In fact, if all the deals had been subscription, Revenues would have jumped 36%, way ahead of forecast. ForeScout’s CY3Q Revenue guidance is a hair below Street estimates, but this is likely primarily due to higher Subscription rates. ForeScout reaffirmed its full year guide which implies an apples-to -apples increase given higher subscriptions in both CY2Q and CY2H than previously modeled. The adoption of Term-Based License Revenue, which is recorded. ForeScout noted a stronger pipeline, improved deal closure rates, and strong demand for upsell features. We view the print as a positive and Reiterate our Buy rating.</p> <p>Stronger than Expected Uptake of Term Based Licensing Understates the Revenue: If the \$11.2 Million in Term-Based had been conventional Licensing ForeScout would have posted a 36% increase in Revenues to \$92 million. There were over 20 deals of Term Based business. Customer reception has been positive, and ForeScout noted that they have not been incentivizing customers to make the transition and demand thus far has been customer driven.</p> <p>Pent Up Demand for Term-Based Licensing Drove Initial Pop in CY2Q. ForeScout Introduced Term-Based licenses in April and saw a much faster take rate than the company had expected. Management stated that the majority of these deals were addon purchases from existing customers, which we see as a positive. We expect the shift to be more muted over the next two quarters, and although CY3Q and CY19 guidance both accounts for some mix shift, its at a smaller rate than was seen in CY2Q.</p> <p>Rapidly Transitioning to a Software Focused Model. We view the transition in a series of phases. In 2018 they introduced Flexx licensing that separated software from hardware, in April</p>

<sup>40</sup> Needham, “ForeScout Technologies, Inc., FSCT: Beat and Raise Masked by Conversion to Subscription,” August 8, 2019.

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	<p>they rolled out Term-Based Licensing, and later this year we expect ForeScout to start delivering full SaaS based offerings. The demand from customers is clearly there, and we appreciate the added stability and predictability it brings to the model.</p> <p>Providing Greater Insight into Recurring Revenues. Given the transition towards more Recurring Revenue, ForeScout is now providing Recurring Revenue and Subscription Revenue as a Percent of TTM Revenues. This quarter, Recurring Revenues represented 44% of TTM Revenues while Subscriptions were 41%. These two numbers have historically been the same, representing support and maintenance contracts. The 300BP difference was driven by the \$11.2 million of Term-Based licenses that were sold in the quarter.</p> <p><b>UBS</b> wrote that the Company's revenue was "1% ahead of expectations," but "[p]eeling back the headline results showcases material momentum" as there were "clear signs FSCT is capturing pent up demand," and "FSCT saw much higher than anticipated adoption of its new 1-year based term license option." UBS commented that the Company's "3Q outlook [was] a shade below [expectations] but FY reiterated":<sup>41</sup></p> <p>Peeling back the headline results showcases material momentum; Buy FSCT's reported decel of 16% YoY in revenue coming 1% ahead of expectations, inline license performance, and soft DR/cash flow belies real momentum in the biz. During the Q, FSCT saw much higher than anticipated adoption of its new 1-year based term license option – in lieu of traditional perp license + 3yr maint model – pro forma for which lic would have been 52% YoY vs reported 13%, material acceleration in new business from 1Q's 27%. With clear signs FSCT is capturing pent up demand (managed devices +123% YoY, 9% QoQ), FSCT's demonstrated strength in expansionary / crossselling (where sales cycles have been shrinking), and as we enter a seasonally strong 2H for the company (3Q has public sector input, 4Q is large deal weighted), we think shares can continue to outperform and reiterate our Buy as we see a 2:1 risk/reward skew.</p> <p>Overall business continues to diversify geographically and across verticals</p>

<sup>41</sup> UBS, "ForeScout Technologies Inc, More to Results than Meets the Eye," August 8, 2019.

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	<p>Americas growth at 5% YoY appeared meek but is the consequence of term-based uptake overindexed to this region, while APJ outshined with accelerating triple digit growth as prior period investments season. End-market diversification was also on display with marquee wins in non-US gov't and financial services arenas as well. We'd note the core platform (eyesight, eyeControl fka CounterAct) saw particular strength at 77% YoY, while the momentum with eyeExtend (fka Extended Modules) ramped still, attaching to 39% of deals in the Q vs. mid-20% rates in recent Qs.</p> <p>3Q outlook a shade below but FY reiterated 3Q rev guide was inline though OPM was light. Mgmt extrapolated 2Q observations to FY guide (noting guide would have been lifted +\$13.4M PF for term impact) but left revs/OPM unch as the mix of 1yr term deals ticks down while 3yr term deals + perp tick back up. We tweak FCF lower (lower DR) due to lower duration with term contracts.</p> <p>Valuation: most compelling risk/reward in our coverage at 4x CY19E EV/S Reiterating \$50PT on tweaked CY20 UBSe reflecting more SaaS + higher term lic contribution in the revenue mix. Our PT is based on ~5x EV/S (unch) on UBSe revs +21% YoY vs. peers' median 6x for comparable growth. We discount the peer group multiple to reflect mixed OPM trends and more lumpiness in FSCT's model, but believe this should narrow as the co. gets credit for a vastly untapped TAM.</p> <p>Following the Company's disclosures on August 7, 2019, according to Bloomberg, the average of analysts' price targets for Forescout stock increased to \$47.82 from \$46.64, or 2.53%. All 12 analysts who published investment ratings for the Company both before and after the earnings announcement maintained their ratings. (See Exhibit 5C.)</p>



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	<b>Remark:</b> Given that: (i) the Company reported a “[r]evenue beat and big EPS upside”; <sup>42</sup> (ii) “FSCT saw much higher than anticipated adoption of its new 1-year based term license option”; <sup>43</sup> and (iii) Forescout “guided slightly below for Q3 ... but maintained the year,” <sup>44</sup> the statistically significant Company-specific stock price increase on August 8, 2019 is consistent with that expected in an efficient market.
10/10/2019	<p>Before market open on Wednesday, October 10, 2019, the Company reported preliminary third-quarter 2019 financial results. For the quarter, Forescout expected total revenue of \$90.6 million to \$91.6 million, and a non-GAAP operating loss of -\$1.6 million to -\$1.4 million.<sup>45</sup></p> <p>The consensus estimate of quarterly revenue was \$100.5 million.<sup>46</sup></p> <p>Michael DeCesare, then-CEO and President of Forescout, discussed the Company’s challenges:<sup>47</sup></p>

<sup>42</sup> JP Morgan, “ForeScout, 2Q19: Core Business Accelerates,” August 8, 2019, 2:02 AM. *See also, e.g.*, Bank of America Merrill Lynch, “ForeScout Technologies, Inc, Softness on surface due to new licensing model, but strength underneath,” August 8, 2019, 6:58 AM; FBN Securities, “ForeScout Technologies, FSCT: Pro-Forma (for Term Licenses) Revenue and License Revenue Growth Rates Accelerating – Raising PT to \$50,” August 8, 2019; Macquarie, “ForeScout Technologies, Q2’19 Solid Execution,” August 7, 2019, 10:53 PM.

<sup>43</sup> UBS, “ForeScout Technologies Inc, More to Results than Meets the Eye,” August 8, 2019. *See also, e.g.*, FBN Securities, “ForeScout Technologies, FSCT: Pro-Forma (for Term Licenses) Revenue and License Revenue Growth Rates Accelerating – Raising PT to \$50,” August 8, 2019; Macquarie, “ForeScout Technologies, Q2’19 Solid Execution,” August 7, 2019, 10:53 PM; Needham, “ForeScout Technologies, Inc., FSCT: Beat and Raise Masked by Conversion to Subscription,” August 8, 2019.

<sup>44</sup> Macquarie, “ForeScout Technologies, Q2’19 Solid Execution,” August 7, 2019, 10:53 PM. *See also, e.g.*, Bank of America Merrill Lynch, “ForeScout Technologies, Inc, Softness on surface due to new licensing model, but strength underneath,” August 8, 2019, 6:58 AM; Needham, “ForeScout Technologies, Inc., FSCT: Beat and Raise Masked by Conversion to Subscription,” August 8, 2019; UBS, “ForeScout Technologies Inc, More to Results than Meets the Eye,” August 8, 2019.

<sup>45</sup> *GlobeNewswire*, “Forescout Technologies Announces Preliminary Third Quarter 2019 Financial Results,” October 10, 2019, 8:30 AM.

<sup>46</sup> *Bloomberg First Word*, “ForeScout Prelim Third Quarter Revenue Misses Lowest Estimate,” October 10, 2019, 8:33 AM.

<sup>47</sup> *GlobeNewswire*, “Forescout Technologies Announces Preliminary Third Quarter 2019 Financial Results,” October 10, 2019, 8:30 AM.

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	<p>Q3 results were impacted by extended approval cycles which pushed several deals out of the third quarter. This was most pronounced in EMEA against the backdrop of a challenging macro-economic environment. These deals were not lost to competitors and we are working to get them over the finish line.</p> <p>We are disappointed that our third quarter results were below our guidance and are committed to increasing the predictability in our long-term revenue model through new term-based licensing and forthcoming Software-as-a-Service (SaaS) offerings. We recognize the importance of these initiatives to our shareholders and they have the full attention of the management team.</p> <p>The fundamentals of our business remain strong and we are confident in our opportunity ahead. The need for device visibility and control continues to be a necessity in securing assets across organizations and a strategic imperative for global 2000 customers. This imperative is reflected in our pipeline, which continued to grow, and in a number of positive trends that we saw in the third quarter.</p> <p>The Company did not hold a conference call with investment analysts.<sup>48</sup></p> <p><b>Bank of America Merrill Lynch</b> wrote that the Company “negatively preannounced 3Q19 results” as the preliminary ranges of revenue and EPS were below the analyst’s estimates. As a result, the analyst “reduce[d] [its] estimates for 3Q and maintain [its] low 4Q estimates,” noting that the Company “did not lower its FY19 outlook as it believes the deals are still in the pipeline”:<sup>49</sup></p> <p>Valuation support limits downside; maintain Buy  ForeScout negatively preannounced 3Q19 results, with revenue expected to be \$91.1mn versus \$100.3mn we had expected and Non-GAAP operating loss to be \$1.5mn vs. a \$3.1mn profit</p>

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<sup>48</sup> *Ibid.*

<sup>49</sup> Bank of America Merrill Lynch, “ForeScout Technologies, Inc, Negative 3Q preannouncement: extended approval cycles in EMEA to blame,” October 11, 2019, 3:16 PM.

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	<p>before. Similar to the weakness in the previous quarter, Management attributed the weakness to extended approval cycles, which pushed deals out of 3Q. The company did not lower its FY19 outlook as it believes the deals are still in the pipeline, but we reduce our estimates for 3Q and maintain our low 4Q estimates, which implicitly suggests the deals will not materialize in the following quarter. Despite the disappointment, we maintain our Buy rating. We do not see a change in fundamentals or deterioration in the competitive landscape, and we believe that the potential long term growth for an agentless approach remains solid. The valuation is also providing downside support with the stock trading at ~3x EV/Sales vs. our PO at 5x EV/Sales. We await management's additional disclosure for deeper analysis of the current trends.</p> <p>EMEA deal push-outs cause miss EMEA only accounted for \$52.2mn of revenue in FY18, or ~\$13mn per quarter, meanwhile the \$9.2mn revenue miss is attributed mainly to EMEA, suggesting severe declines in the region. This exemplifies the issues with ForeScout's perpetual licensing and is the basis behind the company's introduction of new term-based licensing and an upcoming SaaS offering. Nevertheless, until the new consumption models gain traction, deal-pushouts remain a risk, especially in an uncertain macro environment.</p> <p>Leading technology, but may take 5G to catalyze growth ForeScout's Network Access Controller (NAC) solution shines in an IoT deployment scenario due to its agentless mechanism. However, the current reality is centered more on WiFi enabled devices, like Laptops and Smartphones, and competitive solutions from Cisco (Meraki) and HPE (Aruba) leverage their broad WiFi portfolios to include a NAC component. 5G proliferation and the advancement of IoT and operational technology (OT) environments could help the company to gain better traction, yet these technologies may take time to materialize.</p> <p><b>Berenberg</b> wrote that the Company's preliminary results "were 9% below initial guidance due to extended approval cycles, which lead to several deals being pushed out of the third quarter," and observed that "[t]his is the second time this year that management has warned of deal slippage." The analyst commented that, "until management</p>

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	<p>states otherwise, we believe the full year numbers remain intact,” but “await[ed] additional color on the companies [sic] Q3 earnings call scheduled for November 6<sup>th</sup>”:<sup>50</sup></p> <p>ForeScout reported preliminary Q3 results today (October 10, 2019) that were 9% below initial guidance due to extended approval cycles, which lead to several deals being pushed out of the third quarter. Deal slippage was most pronounced in the EMEA region, against the backdrop of a challenging macro environment.</p> <p>Repeat offense: This is the second time this year that management has warned of deal slippage. The first announcement came during the Q1 earnings call when management stated that a handful of Q2 deals will slip into the back half of the year. There was no consistent theme amongst the deals as they were a mix of land and expand and U.S. and International customers. Additionally, management raised the full year guidance at the same time indicating that the closure of these deals would not affect the full year numbers. This announcement, however, points to a specific region and cites macro concerns. Additionally, there is no comment on the full year numbers.</p> <p>Our take: Slipped deals are not missed deals as management is still working to get them closed. It is important to remember that ForeScout is still investing in its sales force with 50% of sales still ramping. Macro does have the potential to cause lumpiness in the quarters, but we still view the underlying fundamentals of the business as strong. In regard to the full year numbers, we maintain the view that management guides very conservatively and until management states otherwise, we believe the full year numbers remain intact. To that extent, we would not expect the market to react favorably if management does take down the full year guidance. As such, we maintain our Buy rating and we await additional color on the companies Q3 earnings call scheduled for November 6<sup>th</sup>.</p> <p>Q3 recap: Total revenues are now expected to be \$91.1m at the midpoint (previously \$100.3m). Non-GAAP operating profits are now guided to a loss of \$1.5m at the midpoint (previously</p>

<sup>50</sup> Berenberg, “ForeScout Technologies Inc., Extended sales cycles leads to lower Q3 outlook,” October 10, 2019.

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	<p>\$3.1m profit). Third quarter highlights include the landing of 110 new logos, reaching 76m devices under management, and closing one of the largest operational technology (OT) deals in the company's history. Additionally, management acknowledged that a shift to a more predictable revenue model would increase top-line visibility and that they are committed to increasing the percentage of term-based licensing and soon to be released SaaS offerings.</p> <p>We value ForeScout on 6.0x EV/revenue, a 10% premium to cybersecurity vendors with a similar mix of recurring revenues.</p> <p>Key Risks: ForeScout has a best-in-class product within NAC, yet there is still the potential for competition from other vendors. We expect Qualys to provide meaningful competition to ForeScout with the introduction of its passive scanner and secure access control. Part of our thesis relies on the ramping of a relatively new sales force. Given that most have been with the company for less than two years, they are not contributing as much as a mature quota carrier. The market is primarily made up of PMI linked customers in the manufacturing and process industries. Should they experience a macro slow down, there could be a risk to topline growth.</p> <p><b>FBN</b> wrote that the Company's "shares [were] down significantly" after "FSCT lowered its FQ3 2019 revenue guidance" and "FQ3 2019 NG operating income guidance was reduced." The analyst lowered its price target for the Company to \$35 from \$50 "as FQ3 revenue reduced by ~9%":<sup>51</sup></p> <p>Lowering PT to \$35 as FQ3 revenue reduced by ~9%. We are lowering our PT on FSCT from \$50 to \$35 following the company's recent preannouncement. On October 10th, FSCT lowered its FQ3 2019 revenue guidance from \$98.8M-\$101.8M (\$100.3M at the midpoint) to \$90.6M-\$91.6M (\$91.1M at the midpoint), which implies a reduction of 9% at the midpoint. FQ3 2019 NG operating income guidance was reduced from \$2.6M-\$3.6M to an operating loss range of \$1.6M to \$1.4M. FSCT noted two key factors which led to the shortfall: 1.) extended approval cycles which pushed several deals out of FQ3, and 2.) a more pronounced degree of pushouts in the EMEA region against the backdrop of a challenging macro-economic environment. Please</p>

<sup>51</sup> FBN Securities, "ForeScout Technologies, FSCT: Lowering PT to \$35 on Recent Preannouncement," October 11, 2019.

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	<p>note that FSCT's EMEA exposure is relatively low as it derived only 14% of revenue from the region in FQ2 2019. We believe that FSCT's weakness was more focused on the enterprise than in the government vertical. Still, we remain positive on the stock as with the shares down significantly, they are trading at an EV/revenue ratio of ~2.4x, much lower than the current security group average MC/revenue ratio of ~6x (on estimated next year's revenue).</p> <p><b>JP Morgan</b> wrote that the Company's quarterly results would be "10% light of expectations on the revenue line and pointed primarily to macroeconomic conditions in EMEA." The analyst opined that this was the Company's "first notable negative preannouncement and we think investors will be watching carefully to see if there are further issues that may cause additional multiple contraction in the software sector." JP Morgan "cut[] [its] estimates to reflect the miss in the quarter," lowered its investment rating for the Company to "Neutral," and reduced its price target to \$35 from \$54.<sup>52</sup></p> <p>This morning the company announced that its preliminary September quarter results will come in about 10% light of expectations on the revenue line and pointed primarily to macroeconomic conditions in EMEA. We believe the company had a strong result in the US especially FED, but that was not enough to offset global conditions. Remember the company is primarily a traditional perpetual license business model where the majority of revenue is recognized upfront. That means changes in the underlying health of demand are seen more clearly than when you have the smoothing effect of a subscription business model. This is the first notable negative preannouncement and we think investors will be watching carefully to see if there are further issues that may cause additional multiple contraction in the software sector.</p> <p>Revenue misses by approximately 10%. Preliminary expectation is that revenue in the September quarter will come in at \$90.6-91.6M below the original guidance of \$98.8-101.8M.</p> <p>Cutting our estimates. There is not a lot of detail to go on, but we are being proactive in cutting our estimates to reflect the miss in the quarter. We then are taking a haircut to the sequential</p>

<sup>52</sup> JP Morgan, "ForeScout, Downgrading to Neutral on Negative Preannouncement," October 10, 2019, 9:34 AM.

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	<p>growth outlook for the December quarter, and similarly for our Outlook in fiscal 2020. We are keeping a ~19% growth rate in fiscal 2021.</p> <p>Lowering December 2020 price target to \$35 from \$54. Our new price target is based on 5x EV/Sales on our new fiscal 2021 revenue estimate. This is a lower multiple as compared to our previous 5.5x target multiple based on the shortfall.</p> <p><b>Macquarie</b> wrote that the Company preannounced third quarter “revenues 8.4% below cons. and GAAP and Non-GAAP operating loss declines as a result of extended approval cycles that pushed several deals out of the third quarter.” The analyst commented that “[m]anagement cited EMEA as a primary factor, but at only ~14-15% of total revenues coming from EMEA in 1H, and our belief that the US Federal business was strong, it leads us to believe US enterprise sales may also be a bit sluggish.” As a result, the analyst “trim[med] [its] Q4 and FY20 numbers” for the Company and cut its price target to \$33 from \$41:<sup>53</sup></p> <p>Key points FSCT preannounced Q3’19 earnings negatively today, reducing the revenue guide by 8.4% for the quarter.</p> <p>Causes include deal slippage in EMEA coming from the challenging macro and potentially some softness in NA Enterprise.</p> <p>Revenue predictability has been a key concern, but we are encouraged by the move towards recurring. Maintain N but trim TP to \$33 from \$41.</p> <p>ForeScout announced preliminary results today before the market open for the quarter ended Sept. 30th (Q3’19) with revenues 8.4% below cons. and GAAP and Non-GAAP operating loss declines as a result of extended approval cycles that pushed several deals out of the third quarter. Management cited EMEA as a primary factor, but at only ~14-15% of total revenues coming from EMEA in 1H, and our belief that the US Federal business was strong, it leads us to believe</p>

<sup>53</sup> Macquarie, “ForeScout Technologies, Q3’19 Negative Preannouncement,” October 10, 2019, 4:59 PM.

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	<p>US enterprise sales may also be a bit sluggish. As a result, we are trimming our Q4 and FY20 numbers. Changes on page 3. We look forward to the Nov. 6th call for more details.</p> <p>Q3'19 Preannouncement Demonstrates Low Visibility ForeScout Earnings Preannouncement for Q3'19: ForeScout guided 3Q revenues to \$90.6-\$91.6mn, down 8.4% from previous guidance midpoint. Non-GAAP operating loss was guided down \$4.6mn at the midpoint to a loss of \$1.4-\$1.6mn.</p> <p>The co. is experiencing difficulties closing deals, especially in EMEA: The co. mentioned several deals have been pushed out of the third quarter citing the EMEA region as the key concern due to the challenging macro environment. The co. did note that the deals were not lost to competitors, and that they are working towards closing them. Deal slippage and lack of visibility has been an ongoing concern with the co., and while we believe US Federal was strong, an 8.4% drop in revenues seems outsized given EMEA is only ~15% of the co.'s revenue, leading us to believe weakness in US enterprise is also a possible contributor.</p> <p>ForeScout did highlight several positive trends in Q3: 1) The co. landed 110 net new logos up from 90 in Q2; 2) The number of devices under control went up 5.4% in the Q; 3) eyeExtend product inclusion was strong with 9 out of the 10 largest deals; and 4) two large deals closed, one with Federal under the Comply-to-Connect mandate, and the other with the SilentDefense product for OT.</p> <p>ForeScout is a leader in Visibility and Control space that is moving towards more renewable revenues: The co. has made an effort to transition into more recurring revenues through the issuance of term licenses vs. perpetual, though adoption is still nascent. Recall that the co. earned \$11.2mn in Q2 from term licenses. ForeScout also plans to release a SaaS product as the co. has experienced rapid software product growth over the past 2 years stemming from the rise of virtual appliances and orchestration modules.</p> <p>Valuation</p>



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	<p>We outline in the following pages changes to our model, including a 9% reduction in expected Q3 revenues, and a 4% reduction in expected Q4 revenues. We reit. our N rating and our TP of \$33 implies 3.3x FY'20e EV/Sales vs cons. of 3.9x and vs the Traditional Security peer group at 5.0x.</p> <p><b>Morgan Stanley</b> wrote that the Company's preliminary revenue and operating income were both below guidance. The analyst observed that the Company's commentary "impl[ied] significant weakness in the [EMEA] region likely combined with weakness elsewhere." Morgan Stanley removed its price target and rating for the Company as they were "under review as we look for more commentary on the FY19 revenue guidance range on its 3Q19 earnings calls scheduled for November 6, 2019":<sup>54</sup></p> <p>ForeScout pre-released 3Q19 results this morning, providing a revenue range of \$90.6 - \$91.6 million (+6.4% YoY at the midpoint), about 10% below its initial guidance range of \$98.8 - \$101.8 million (+17.1% at the midpoint). Management noted extended sales cycles, particularly in EMEA given a more difficult macro backdrop in the region, resulted in several deals being pushed out of the quarter. However, according to management these deals were not lost to competitors and the company is still working to close them. With this decrease in revenue guidance, non-GAAP operating margin guidance falls to an operating loss of (\$1.4)-(\$1.6) million (or -1.6% margin at the midpoint), down from operating income previously guided of \$2.6-\$3.6 million (or +3.1% margin at the midpoint).</p> <p>Assuming the ~\$10 million cut to guidance relates to product and licensing revenues, which we had forecasted at \$59.2 million for the quarter (and not the more ratably recognized maintenance and support revenue), this would imply a ~17% miss on product and license revenue. Given that we estimate that ForeScout's revenue base is ~18% exposed to EMEA, this would imply significant weakness in the region likely combined with weakness elsewhere. This is consistent with the company's press release which noted that, while the impact was "most pronounced in EMEA," there were other areas of weakness as well.</p>

<sup>54</sup> Morgan Stanley, "ForeScout Technologies Inc, 3Q19 Pre-Release – Extended Deal Cycles and EMEA Exposure Weigh on Results," October 10, 2019, 4:33 PM.

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	<p>Management did not comment on or update the FY19 revenue guidance range (which still stands at \$365.3 - \$375.3 million - or +24.4% YoY growth at the midpoint). Our model, price target and rating are currently under review as we look for more commentary on the FY19 revenue guidance range on its 3Q19 earnings calls scheduled for November 6, 2019.</p> <p><b>Needham</b> wrote that the Company “negatively preannounced its CY3Q19 earnings” and the analyst “view[ed] these results as a sign of go-to-market and macro challenges that are likely exacerbated by Enterprise spending patterns prioritizing towards cloud-native services.” The analyst “lower[ed] [its] Revenue estimate for CY4Q, resulting in margin contraction during a quarter where the company expected to generate the majority of their Operating Profits.” As a result, the analyst “mov[ed] to the sidelines and downgrad[ed] to a Hold rating” from “Buy”.<sup>55</sup></p> <p>ForeScout negatively preannounced its CY3Q19 earnings this morning, attributing the miss to lengthening sales cycles that led to a few deals slipping out of the September ending quarter. While management believes these deals were not competitive losses and discussions with these customers remain on-going, we view these results as a sign of go-to-market and macro challenges that are likely exacerbated by Enterprise spending patterns prioritizing towards cloud-native services. Net, while trends in OT/ IT remain compelling, we view the company’s large On-Premise business and ongoing sales execution problems within a toughening macro environment as significant challenges. We are moving to the sidelines and downgrading to a Hold rating.</p> <p>ForeScout Is Still Largely On-Premise Company. ForeScout still gets the majority of its Revenue from perpetual licenses, and while the company is in the midst of a transition to subscription services, we think the company is ultimately affected by shifting Enterprise priorities towards cloud-native services. While last quarter the company highlighted faster than expected adoption of subscription services as a headwind to near term Revenue, language in the pre-announcement this morning suggests that this was not a factor.</p>

<sup>55</sup> Needham, “ForeScout Technologies, Inc., FSCT: Downgrading to Hold on Macro and Sales Challenges,” October 10, 2019.

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	<p>Go-To-Market Red Flags. One's an anomaly, two's a trend. This is not the first time ForeScout has seen deal-timing issues. In May the company cited deal-timing issues as the main driver of 2Q19 Revenue guidance that was below street expectations. In May, FSCT noted that it was a pure timing issue and that the deals in question were closed, which doesn't appear to be the case in CY3Q. Still, we are believers in the cockroach theory, and expect these go-to-market issues could persist in the near term. We think these issues will take two to three quarters to resolve.</p> <p>Macro Environment Challenges. While we expect OT/IT security to become a larger priority for Enterprises, the economy does matter and a slowdown in EMEA is material. In CY18 EMEA Revenues were 66% weighted towards 2H, followed by a sequential decline in CY1Q19, indicating a sharp drop-off in CY3Q if this trend was to continue. More importantly, we think that as IT budgets contract, Enterprises are likely to prioritize spend on cloud-based technologies.</p> <p>Margin Pressure Expected in CY4Q. Absent any update to CY19 guidance, we expect the CY3Q weakness will roll through the December quarter as Sales productivity is likely to be strained. We're lowering our Revenue estimate for CY4Q, resulting in margin contraction during a quarter where the company expected to generate the majority of their Operating Profits.</p> <p><b>UBS</b> wrote that Forescout's stock price was down 30% after the Company "negatively pre-announced 3Q19" with preliminary revenue 9% below prior guidance. The analyst noted that the Company's revised non-GAAP operating loss "suggest[ed] a degree of cost control against the disappointment," but cautioned that "FSCT's commentary is hard to ignore and unlikely to assuage fears of global demand softness into CY20".<sup>56</sup></p> <p>Weak macro backdrop in EMEA extends sales cycles causing 9% rev miss  FSCT negatively pre-announced 3Q19 ahead of the full report due 11/6. Revenues are now expected to be \$91.1M at the midpoint or 9% below the prior \$100.3M midpoint. Lengthening sales cycles, felt acutely in EMEA, were cited as the reason with a softer macro backdrop identified as the culprit behind this dynamic. FSCT maintains deals have not been lost to</p>

<sup>56</sup> UBS, "ForeScout Technologies Inc, Negative 3Q Pre-Announce with EMEA Macro Weakness to Blame," October 10, 2019.

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	<p>competitors, but given the consistent deal slippage commentary YTD that had already set-up a 2H loaded year and sales leader transitions, investor skepticism is likely to increase on demand durability, competitive landscape, and consistency of execution. We'd note that despite the magnitude of the revenue miss, revised non-GAAP op loss (\$1.5M) compares to prior \$3.1M, suggesting a degree of cost control against the disappointment.</p> <p>Strong public sector performance, but likely cold comfort  FSCT closed its largest deal of the quarter with the US public sector under the Complyto-Connect (C2C) mandate. While a bright spot and positive read-thru on the spending flush in the public sector FY-end (consistent with what FEYE saw in this segment too), this will likely prove cold comfort given the soft commercial performance and what is a step backwards in end-market revenue diversification.</p> <p>Macro top of mind for software investors, is this the first shoe to drop?  FSCT has been the first of our covered companies to negatively pre-announce. While potentially idiosyncratic given FSCT's smaller size and typical large, capex type deals, given software investors have been generally jittery on the macro environment post 2Q earnings, FSCT's commentary is hard to ignore and unlikely to assuage fears of global demand softness into CY20.</p> <p>Valuation: shares -30% in reaction for a 9% revenue miss looks overdone  Our \$50 price target is based on 5x EV/S on UBSe CY20; our estimates are unchanged as we await the full report on 11/6.</p> <p>News media attributed the decline in Forescout's stock price on October 10, 2019 to the Company's announcements.<sup>57</sup></p>

<sup>57</sup> See, e.g., *Seeking Alpha*, "ForeScout Technologies lowers Q3 guidance; shares tank 28% PM," October 10, 2019, 9:07 AM; *Dow Jones Institutional News*, "Forescout Technologies Down 33% After Cutting 3Q Rev Guidance," October 10, 2019, 9:45 AM; *Bloomberg First Word*, "ForeScout Sinks by Most Ever After 3Q Miss Prompts a Downgrade," October 10, 2019, 10:53 AM; *Globes*, "Forescout tumbles on

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	<p>Following the Company's disclosures on October 10, 2019, according to Bloomberg, the average of analysts' price targets for Forescout stock decreased to \$39.88 from \$47.75, or -16.49%.<sup>58</sup> Of the ten analysts who published investment ratings for the Company both before and after the earnings announcement, two downgraded their ratings. (See Exhibit 5C.)</p> <p><b>Remark:</b> Given that: (i) the Company announced that quarterly results would be "10% light of expectations on the revenue line";<sup>59</sup> and (ii) multiple analysts "cut[ their] estimates to reflect the miss in the quarter" and reduced their price targets for the Company,<sup>60</sup> the statistically significant Company-specific stock price decline on October 10, 2019 is consistent with that expected in an efficient market.</p>
11/7/2019	<p>After market close on Wednesday, November 6, 2019, the Company reported its third-quarter 2019 financial results. For the quarter, Forescout reported total revenue of \$91.6 million and non-GAAP EPS loss of -\$0.02.<sup>61</sup></p>

profit warning; Forescout Technologies CEO Michael DeCesare: Q3 results were impacted by extended approval cycles which pushed several deals out of the third quarter," October 10, 2019.

<sup>58</sup> Morgan Stanley and Needham are excluded from these figures as they did not publish price targets both before and after the announcement.

<sup>59</sup> JP Morgan, "ForeScout, Downgrading to Neutral on Negative Preannouncement," October 10, 2019, 9:34 AM. *See also, e.g.*, Bank of America Merrill Lynch, "ForeScout Technologies, Inc, Negative 3Q preannouncement: extended approval cycles in EMEA to blame," October 11, 2019, 3:16 PM; Morgan Stanley, "Forescout Technologies Inc, 3Q19 Pre-Release – Extended Deal Cycles and EMEA Exposure Weigh on Results," October 10, 2019, 4:33 PM; UBS, "ForeScout Technologies Inc, Negative 3Q Pre-Announce with EMEA Macro Weakness to Blame," October 10, 2019.

<sup>60</sup> JP Morgan, "ForeScout, Downgrading to Neutral on Negative Preannouncement," October 10, 2019, 9:34 AM. *See also, e.g.*, FBN Securities, "ForeScout Technologies, FSCT: Lowering PT to \$35 on Recent Preannouncement," October 11, 2019; Macquarie, "ForeScout Technologies, Q3'19 Negative Preannouncement," October 10, 2019, 4:59 PM; UBS, "ForeScout Technologies Inc, Negative 3Q Pre-Announce with EMEA Macro Weakness to Blame," October 10, 2019.

<sup>61</sup> *GlobeNewswire*, "Forescout Technologies Reports Third Quarter 2019 Financial Results," November 6, 2019, 4:05 PM.

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	<p>The consensus estimates of quarterly revenue and non-GAAP EPS were \$94.3 million and -\$0.01, respectively.<sup>62</sup></p> <p>Michael DeCesare, then-CEO and President of Forescout, commented on the Company's results and a new product, eyeSegment:<sup>63, 64</sup></p> <p style="padding-left: 40px;">Our third quarter 2019 results were impacted by extended sales cycles, with the resulting revenue shortfall most pronounced in EMEA. These results are disappointing to us and we are taking a number of steps to improve things we can control, including sales execution and shaping our revenue model for better predictability ... . We continue to be confident that we are in the early innings of a large market opportunity for device visibility and control and that Forescout is well-positioned to win. To that end, we are excited to announce eyeSegment, a major innovation for the company and our first cloud-delivered SaaS product that will help customers accelerate network segmentation.</p> <p>Criss Harms, then-CFO of Forescout, also commented on the Company's results:<sup>65</sup></p> <p style="padding-left: 40px;">Our profitability in the third quarter was negatively impacted by the revenue shortfall. We are committed to being financially responsible and will balance our expenses versus growth ... . Looking forward, we are on a path for greater visibility and predictability in our revenue model with plans underway to meaningfully accelerate adoption of term-based licensing and deliver</p>

<sup>62</sup> *Dow Jones Institutional News*, "Forescout Technologies Stock Drops As Results, Outlook Miss Street View -- MarketWatch," November 6, 2019, 5:01 PM.

<sup>63</sup> *GlobeNewswire*, "Forescout Technologies Reports Third Quarter 2019 Financial Results," November 6, 2019, 4:05 PM.

<sup>64</sup> Before market open on Wednesday, November 6, 2019, Forescout announced a new product that would reportedly "transform[ ] enterprise-wide network segmentation with...a new cloud-based offering." According to CEO DeCesare, the new product, eyeSegment, "puts the security teams back in control." (See *GlobeNewswire*, "Forescout Transforms Enterprise-Wide Network Segmentation with Release of Cloud-Based eyeSegment," November 6, 2019, 6:00 AM.)

<sup>65</sup> *GlobeNewswire*, "Forescout Technologies Reports Third Quarter 2019 Financial Results," November 6, 2019, 4:05 PM.

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	Software-as-a-Service offerings to the market, beginning today with eyeSegment and a SaaS version of our core product eyeSight late next year.		
	The Company also announced fourth-quarter guidance and updated full-year 2019 guidance: <sup>66</sup>		
		4Q 2019	Full-Year 2019
	Revenue (millions)	\$93.5 - \$96.5	\$339 - \$342
	Non-GAAP operating loss (millions)	-\$3.3 - -\$2.3	-\$37.2 - -\$36.2
	Non-GAAP EPS loss	-\$0.08 - -\$0.06	-\$0.82 - -\$0.80
	The consensus estimates of the Company’s fourth quarter revenue and non-GAAP EPS had been \$109.5 million and \$0.24, respectively. <sup>67</sup>		
	The same day, after market close, the Company held a conference call with investment analysts. Morgan Stanley queried whether “there were some execution issues perhaps?” DeCesare replied: <sup>68</sup>		
	So first of all, as Q3 goes, and it really was an issue – it wasn’t 1 issue. I mean, there’s a category of transactions inside of this that, quite frankly, we just need to do better on. Kind of dig in deeper on making sure that we understand the situation before things get in guidance, and we are well working on our way to make sure that we deliver on that ... . We acknowledge again some of the transactions that we just need to be – maybe we’re a little bit too aggressive on putting them into guidance, and we need to do better on those.		

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<sup>66</sup> *Ibid.*

<sup>67</sup> *Dow Jones Institutional News*, "ForeScout Technologies Stock Drops As Results, Outlook Miss Street View -- MarketWatch," November 6, 2019, 5:01 PM.

<sup>68</sup> *Thomson Reuters, StreetEvents*, "FSCT.OQ – Q3 2019 ForeScout Technologies Inc Earnings Call, EVENT DATE/TIME: NOVEMBER 06, 2019 / 9:30PM GMT," November 6, 2019, 4:30 PM.

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	<p>DeCesare also assured his audience that the Company was “doubling down” on more accurate guidance and pipeline assessment:<sup>69</sup></p> <p>And if we had realized that there might be a shortfall towards the end of the year, we would have looked kind of deeper into the pipeline earlier to make sure that we know and we kind of filled that. We’re very disciplined about pipeline generation. We have a lot of operational controls in place all the way through the process of generating pipeline, kind of getting to a technical win, a business win and closing it. But in light of what we saw in the third quarter, we’re even doubling down further on this.</p> <p>And this doesn’t just include what we’re doing for the fourth quarter on the guidance we provided, it’s to get in front of Q1 and Q2 and just make sure that we get all those Ts crossed and I’s dotted earlier in that process, so that we hopefully avoid the situation that we’re in right now.</p> <p><b>Bank of America Merrill Lynch</b> wrote that the Company’s revenue and EPS were “in-line with the company’s negative preannouncement,” while “4Q revenue/EPS guidance [were] well below Street expectations.” However, the analyst “view[ed] this as a hiccup and reiterate[d] [its] Buy [rating]” for the Company. BoAML lowered its price target for the Company to \$40 from \$50, “based on roughly 4.5x CY20E EV/Sales vs prior 5.0x to reflect near-term execution risks”:<sup>70</sup></p> <p>3Q in-line with pre-announcement; guidance well below  ForeScout reported 3Q results in-line with the company’s negative preannouncement with revenue/EPS of \$91.6mn/-2c. The \$8.7mn revenue shortfall below original guidance for \$100.3mn was attributed to elongated deal cycles and a decline from four \$10mn+ deals in 2018 to only one in 2019. This has also driven 4Q revenue/EPS guidance well below Street expectations at \$95mn/-7c versus Street’s \$107mn/24c. 3Q19 and 4Q19e YoY revenue growth</p>

<sup>69</sup> *Ibid.*

<sup>70</sup> Bank of America Merrill Lynch, “ForeScout Technologies, Inc, Guidance disappoints, but no change to fundamental story,” November 7, 2019, 1:00 AM.



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	<p>rates are only 7% and 12% vs the 27% in 1Q19 and 30+% recorded in 2017 and 2018. We reduce our estimates for 4Q and 2020 and lower our PO from \$50 to \$40, now based on roughly 4.5x CY20E EV/Sales vs prior 5.0x to reflect near-term execution risks. Still, we view this as a hiccup and reiterate our Buy. We do not see deterioration in the competitive landscape, believe the potential for an agentless approach remains solid, and view model transition toward subscription as positive.</p> <p>Large deals still in pipeline, growth otherwise solid ForeScout had three \$10mn+ deals in FY17, four in FY18, and just one so far in FY19. Outside of elongated sales cycle at the high end, \$1mn dollar deals increased 38% YoY, and management believes the business' growth rate remains in the 20-30% YoY range when excluding eight figure deals from the YoY comps. Management remains confident that the \$10mn+ deals remain in the pipeline, sees no change in win rates, and has appointed new sales leadership to address go-to-market issues.</p> <p>New model should help smooth results In 2Q19, ForeScout introduced a new term-based license as an alternative to the previous perpetual model. The company released its first cloud-delivered SaaS offering, EyeSegment, which is charged on a subscription basis. Management also began incenting both sales reps and customers towards subscription offerings and tracking Annual Recurring Revenue (ARR). We view this transition as positive as it should help smooth revenue recognition and is complementary to ForeScout's land and expand strategy. We note however that a few other cybersecurity companies, such as CyberArk, have attempted the transition and not seen much success, although ForeScout has addressed the challenged transition by offering an expanded feature set only available to subscription customers alongside price incentives.</p> <p><b>Berenberg</b> wrote that the Company's quarterly revenue "was in line with the preliminary announcement ... ; however, management did reduce its FY guidance," as "management is no longer factoring in several eight-digit deals that were originally baked into the guidance." The analyst commented that "this is a timing issue as</p>

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	<p>management expects to close the deals in the future,” and “[m]anagement is taking a more prudent approach as to what should be factored into guidance”:<sup>71</sup></p> <p>ForeScout reported Q3 results after the close. Revenue was in line with the preliminary announcement from the beginning of the month; however, management did reduce its FY guidance. Revenue growth is now expected to be 14% at the midpoint, down from the previous guidance of 24%. We are growing more cautious on FSCT as management addresses execution issues and longer sales cycles. Additionally, we believe management’s outlook for term-based license contribution appears conservative, which could distort the top line in the near term.</p> <p>Weak execution drove deal slippage: Despite management calling out a weaker macro in EMEA, our takeaway is that it was more of an execution issue specific to ForeScout as opposed to a broader macro concern. Management seems focused on resolving the issue and has recently appointed new leadership roles (Steve Redman as CRO and Bernie Barker VP of global accounts) to help the process.</p> <p>It’s not competitive: We maintain the view that demand for ForeScout’s product remains strong and that its offering is superior to that of its peers. Deal slippage was not a function of competitive losses, as win rates remained stable through the quarter. For now, this is a timing issue as management expects to close the deals in the future.</p> <p>Puts and takes of Q4 guidance: Management is taking a more prudent approach as to what should be factored into guidance. Whilst some slipped deals from Q3 are accounted for in the Q4 guide, management is no longer factoring in several eight-digit deals that were originally baked into the guidance. The deals that do remain are expected to close at a smaller size.</p> <p>FY20 and beyond: ForeScout will be focusing on selling term-based licenses (TBL) in order to achieve better top-line visibility and predictability. Whilst we agree this is the right way to go,</p>

<sup>71</sup> Berenberg, “ForeScout Technologies Inc., ForeScout Q3 first take,” November 6, 2019.

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	<p>we do caution as to the impact this transition could have on the top line. To that extent management doesn't expect a drastic shift to TBL due to the nature of the customer base.</p> <p>We value ForeScout on 6.0x EV/revenue, a 10% premium to cybersecurity vendors with a similar mix of recurring revenues.</p> <p>Key Risks: ForeScout has a best-in-class product within NAC, yet there is still the potential for competition from other vendors. We expect Qualys (QLYS, Hold, \$84.07) to provide meaningful competition to ForeScout with the introduction of its passive scanner and secure access control. Part of our thesis relies on the ramping of a relatively new sales force. Given that most have been with the company for less than two years, they are not contributing as much as mature quota carriers. The market is primarily made up of PMI-linked customers in the manufacturing and process industries. Should they experience a macro slowdown, there could be a risk to top-line growth.</p> <p><b>FBN</b> wrote that the Company's revenue was "toward the high-end of the post-preannouncement guidance range" and EPS was above the analyst's estimate. However, FBN decreased its price target for the Company to \$33 from \$35 after the Company "guid[ed] for FQ4 revenue below [FBN's] prior estimates".<sup>72</sup></p> <p>Reiterate Outperform. We reiterate our Outperform rating on FSCT and lower our PT from \$35 to \$33. The company reported final FQ3 results which beat our estimates after the company's recent preannouncement, but it is guiding for FQ4 revenue below our prior estimates, so we are lowering out PT. The company experienced extended sales cycles across several of its customers that pushed out deals, and this did not become apparent until the final days of FQ3. The company's revenue shortfall was most pronounced in EMEA, where we estimate that revenue grew by 7% Y/Y, down sharply from 25% growth in FQ2 and 33% growth in FQ1. The company continues to penetrate the Global 2000 as its penetration of this customer grew to 24% from 21% at the end of last year. The company also continues to move from selling a single</p>

<sup>72</sup> FBN Securities, "ForeScout Technologies, FSCT: Misexecution in FQ3, but new CRO and expected future Cloud-Delivered EyeSight in Late 2020 Keep Story Attractive," November 7, 2019.

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	<p>solution (eyesight) to selling multiple solutions (e.g. eyeControl, eyeExtend, SilentDefense (for OT), and now eyeSegment, which marries FSCT's device visibility and policy engines to traffic and flow information. The company continues its migration toward becoming more of a subscription/recurring driven company. Just 18 months ago, FSCT was predominantly an appliance-based company, but after its launch of flex licensing (decoupling hardware from software) in April, 2018, the company has increased its % of deals sold with flex, and this % reached 70% in FQ3. In April, 2019, the company introduced term-based licensing, and we expect that the company will increase its focus on term (which reached 29% of license in FQ2 and 4% of license in FQ3) going forward. However, we expect the revenue recognition for term, where the company will be recognizing multi-year contracts over multiple 1-year terms (vs. up front in the past), will result in gradual ramp on the income statement.</p> <p>FQ3 results. For the FQ3 quarter, FSCT reported revenue of \$91.6M (+7% Y/Y and toward the high-end of the post-preannouncement guidance range \$ 90.6M-\$91.6M) and NG EPS of -\$.02 (above our -\$.12 estimate). License revenue of \$50.2M declined by 2% Y/Y and exceeded our \$48.2M estimate as software revenue of \$34.0M (below our \$41.7M estimate) grew by 20% Y/Y while hardware revenue of \$16.2M (above our \$6.5M estimate) declined by 29% Y/Y. Subscription revenue of \$36.6M grew by 21% Y/Y and came in below our up 26% Y/Y estimate, and professional services revenue of \$4.8M grew by 15% Y/Y and came in above our up 8% Y/Y estimate. Deferred revenue of \$176.7M grew by 9% YY and came in below our \$186.9M estimate. This led to calculated billings of \$95.2M, down 5% Y/Y and below our \$104.7M (up 4% Y/Y) estimate. NG GM% of 77.9% (below our 82.0% estimate) declined by.6pp Y/Y and by 1.7pp Q/Q as license GM% of 81.4% declined by 1.2pp Y/Y and by a steep 5.6pp Q/Q. NG opex of \$72.7M grew by 17% Y/Y and came in below our \$76.0M estimate. This led to NG operating income of -\$1.4M, above the guided -\$4M to -\$3M, and NG operating margin of -1.5%, down 7.2pp Y/Y but up 17.3pp Q/Q. Cash flow from operations was -\$13.9M, and FCF was -\$16.2M.</p> <p>SaaS will start to ramp with eyeSegment, but SaaS-based eyesight (expected in late 2020) will be the key SaaS driver. FSCT still derives the majority of its revenue from license (both perpetual and term), but it will start ramping its SaaS business (to be accounted for in Subscription, where</p>

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	<p>the majority of revenue is from support and maintenance today) in the future. On Nov. 6, 2019, the company announced its eyeSegment solution (noted above), but we do not expect material revenue from eyeSegment in the near-future. However, we do believe that the expected future launch of a cloud-based version of the company's core eyeSight solution, which we believe will be launched in late 2020, will be a more material catalyst for the company's SaaS ramp.</p> <p><b>JP Morgan</b> wrote that the Company's "[t]op- and bottom-line beat on lowered expectations" from the analyst and consensus. JP Morgan opined that "management d[id] the prudent thing and t[ook] out 8 figure deals from the forecast in the quarter." The analyst commented that "management has taken steps to improve both execution and the business model going forward, but ... [w]e are trimming our estimates and price target to account for the current situation." JP Morgan lowered its price target for the Company to \$33 from \$35 based on a lower EV/sales multiple, "given the further cut to 4Q numbers due to pipeline issues and current macro environment cited":<sup>73</sup></p> <p>The 3Q19 earnings call finally shed light on the significant miss in quarterly results. Looking back we do think there was a combination of company-specific execution factors along with macro impacts that led to large deal slippage. Given the FSCT business model thesis had exaggerated impacts on the top and bottom line, management has taken steps to improve both execution and the business model going forward, but it starts with a further reduction in our estimates. Changes in these types of situations tend to take 9 months to show the full benefit. We are trimming our estimates and price target to account for the current situation.</p> <p>Top- and bottom-line beat on lowered expectations. FSCT reported 3Q19 revenue/non-GAAP EPS of \$91.6M/\$(0.02) compared to our estimates of \$91M/\$(0.04) and Street's \$91M/\$(0.02).</p> <p>Pushing for higher recurring revenue and better visibility. Recurring revenue and better visibility were main points on the call, especially on the back of large deal slippage driving the revenue cut. The perpetual license model has too much one-and-done license revenue and not nearly enough recurring revenue that can help visibility in results. FSCT is now targeting exiting FY20 with +50% of recurring revenue, up from 46% on a TTM basis in the quarter, and is</p>

<sup>73</sup> JP Morgan, "ForeScout, 3Q19: Issues Appear to Be a Mix of Macro and Company Specific," November 6, 2019, 11:38 PM.

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	<p>looking to term contracts to further improve visibility. In addition, on the product side the company has launched eyeSegment, its first SaaS cloud delivered offering. Now the goal is to properly motivate sales with the right pricing and compensation structure to drive adoption by customers.</p> <p>Positives: Americas growth and US federal government strength, net retention rate. (1) The Americas theatre grew 12.8% yoy, accelerating from sub-5% growth in the last quarter, with strength in the US Federal segment. (2) Net recurring retention rate came in at 119% vs 121% in 2Q, so this was not the issue in the quarter.</p> <p>Issues: Large deal delays, EMEA, cutting guidance. (1) The biggest impact in the quarter came from issues around large deals. Some customers chose smaller deals, some pushed projects out, and in a couple of cases execution on sales forecasting is playing a part (this last issue impacts more on 4Q19). Deal issues do not appear competitive as 25% of slipped deals have closed in 4Q19. (2) EMEA saw a disproportional effect from large deal impacts. (3) 4Q19 guide is coming in below our already significantly reduced estimates as management does the prudent thing and takes out 8 figure deals from the forecast in the quarter.</p> <p>We are tweaking our December 2020 price target down to \$33. Our price target is based on 4x EV/Sales applied to our 2021 revenue estimate. This multiple is down from our previous multiple of 5x given the further cut to 4Q numbers due to pipeline issues and current macro environment cited.</p> <p><b>Macquarie</b> wrote that the Company's "[r]esults [were] largely [i]n-line with [p]reannounced [n]umbers," with revenues "at the top end of the adjusted guide released during the pre-announcement," but noted that the Company's fourth-quarter revenue guidance was "13% below cons. as deals are likely to slip Q4 as well." Macquarie "remain[ed] concerned about rev. predictability and a slowdown in recurring transition," and lowered its price target for the Company to \$30 from \$33.<sup>74</sup></p>

<sup>74</sup> Macquarie, "ForeScout Technologies, FQ3'19: Taking Lumps on a Lumpy Business," November 7, 2019, 4:07 PM.

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	<p>Key points</p> <p>FSCT reported revs. of \$91.6mn, at the top end of the adjusted guide released during the pre-announcement on Oct. 10.</p> <p>The co. guided FQ4 revs. down to \$95mn, 13% below cons. as deals are likely to slip Q4 as well.</p> <p>We remain concerned about rev. predictability and a slowdown in recurring transition. Reit N rating and move our TP to \$30 from \$33.</p> <p>ForeScout released preliminary results for Q3 on Oct. 10th, with revenues guided at 8% below cons. estimates at the time, citing extended approval cycles that pushed several deals out of the quarter. During the earnings call yesterday, Mgmt. reiterated those concerns and furthermore guided down Q4 as deals continue to get pushed out. While win rates seem stable, macro concerns are weighing heavily with several 7-fig deals not closed in EMEA in Q3. But as we mentioned, only 16% of revenue mix was EMEA, and therefore believe US slowness must also be occurring. While we remain constructive on the co.'s initiatives to drive more recurring software based revs. and its opportunities in the IoT and OT space, large customer concentration and limited revenue visibility keep us at the sidelines for now.</p> <p>FQ3'19: Results Largely In-line with Preannounced Numbers</p> <p>ForeScout reported revs. of \$91.6mn (+7.0% Y/Y) vs cons. of \$94.3mn (+10.1% Y/Y) with term license of \$2mn, substantially less than the \$11mn last qtr. License revs. were \$50.2mn (-1.7% Y/Y) below cons. of ~\$57.3mn (+12.1% Y/Y) and Subs. revs. of \$36.6mn were 0.9% below cons. Within License, Software mix was 68%, up from 56% last year and 2 years ago at 43%, but down meaningfully from 82% last qtr. impacting margins. Adj. GM was 77.9% below cons. of 81.5%. Non-GAAP OM remained negative at -1.5%, under cons. of 0%, which drove a lighter Non-GAAP EPS of \$(0.02) vs. street est. of \$(0.01). EyeSight and eyeControl products accounted for 71% of license revenues. The co. added 110 customers in the q and 3.9mn devices under Mgmt. which are now up to 76.6mn. CFO for quarter was \$(13.9)mn below vs. cons. of \$7.7mn. The co.'s first SaaS product, EyeSegment, which will enable device based</p>

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	<p>segmentation across multiple vendors from the cloud and multivendor environments, is now available and will add revenues in 2020.</p> <p>FQ4'19 and FY'20 Toned Down as Sales Cycles Lengthen ForeScout guided FQ4'19 to revs. of ~\$93.5-96.5mn (+12.1% Y/Y) significantly lower vs. cons. of \$109.5mn (+29.3% Y/Y), Non-GAAP Op. margin to -2.9% vs. cons of 11.4% and Adj. EPS between \$(0.07) to \$(0.08) vs. cons. of \$0.24, all below. Mgmt. lowered FY'19 guidance calling for revs. of ~\$339-342mn (+14.4% Y/Y vs cons. of \$360.5mn (+21.1% Y/Y). Non-GAAP OM's were guided to (10.8%) vs. cons of (5.2%) and Adj. EPS was reduced to \$(0.82) to \$(0.80) vs. cons. forecast of \$(0.48). The co. plans to implement sales and customer incentives to accelerate adoption of term-based licensing to expedite the transition to ratable, expecting to reach &gt;50% by end of 2020.</p> <p>Valuation and Recommendation We reit. our Neutral rating and move our TP to \$30 from \$33 which implies 3.4x FY'21e EV/Sales vs. cons. of 2.7x and vs. the Traditional Security peer group at 4.6x and vs. a Cloud Security peer group at 7.8x FY'21e EV/Sales.</p> <p><b>Morgan Stanley</b> wrote that the Company's results were "in line with its negative pre-announcement," and "largely reflect the lumpiness of its business model and some bumps in execution rather than a fundamentally broken story." The analyst reinstated a price target and its "Overweight" rating for the Company.<sup>75</sup></p> <p>Q3 was impacted by inconsistent execution, amplified by a biz exposed to lumpy large deals. But taking a step back, its mkt opp. remains healthy, competition is unchanged and recurring revenue will be increasing in CY20. This is not in the stock at ~3x revs. Resuming at OW, \$37 PT.</p>

<sup>75</sup> Morgan Stanley, "ForeScout Technologies Inc, Some Bumps on the Road, But Still on a Compelling Path; Resuming at OW," November 7, 2019, 8:23 AM.



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	<p>Thesis Bent, But Not Broken, Resuming FSCT at Overweight with \$37 PT. ForeScout's Q3 disappointed, in line with its negative pre-announcement (see: ForeScout Technologies Inc: 3Q19 Pre-Release - Extended Deal Cycles and EMEA Exposure Weigh on Results (10 Oct 2019)), with license revenue (2%) YoY vs. 13% in Q2 as deals slipped and sales cycles elongated, particularly in EMEA. However, we believe these results largely reflect the lumpiness of its business model and some bumps in execution rather than a fundamentally broken story. With the stock at 3x CY21 revenues, we see current levels as a compelling entry point for a strategic asset that should sustain &gt;20% top-line growth on an annualized basis. As such, we resume FSCT at Overweight with a \$37 PT. Several points support our Overweight view:</p> <p>1. Secular story remains intact: ForeScout's platform helps enterprises' tackle the increasing security challenges from the growing diversity of connected devices (traditional IT devices, IoT, virtual/cloud workloads). This value proposition is expanding, particularly as IoT devices come under scope and as its technology delivers security orchestration and segmentation use cases. These emerging use cases should accelerate into CY20, particularly with the new EyeSegment solution. At the same time, ForeScout's competitive environment remains largely unchanged and very favorable, with Cisco as the primary legacy vendor.</p> <p><b>Needham</b> opined that the Company was "prudently approaching guidance by stripping out expectations for '8 figure deals.'" The analyst "th[ought] the flux in [ForeScout's] plans and the fact that the commission and selling process details are not yet nailed down implies a lengthy recovery time line and more than normal near-term uncertainty." As a result, Needham was "lowering [its] Revenue forecast, modestly increasing [its] OPEX estimates and widening [its] EPS loss estimates".<sup>76</sup></p> <p>We think there is a need for what ForeScout does and that the company is making the right decisions on rectifying the approach to its sales processes and shifting to SaaS and Subscription. We also think they're prudently approaching guidance by stripping out expectations for "8 figure</p>

<sup>76</sup> Needham, "ForeScout Technologies, Inc., FSCT: Lowered CY4Q Outlook and Changing Marketing Plans Extends Uncertainty," November 7, 2019.

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	<p>deals” and leaving those to upside. However, we think the flux in their plans and the fact that the commission and selling process details are not yet nailed down implies a lengthy recovery time line and more than normal near-term uncertainty. Further, the impact of slower economic conditions appears to have had more of an impact on ForeScout than most of its Security peers. We are lowering our Revenue forecast, modestly increasing our OPEX estimates and widening our EPS loss estimates. We think it’s prudent to remain on the sidelines.</p> <p>Project Delays Were a Result of Multiple Factors. Consistent with the prerelease last month, ForeScout saw deal slippage and extended sales cycles at several customers in the quarter, most pronounced in EMEA. In addition to Macro-related spending concerns, Forescout believes these deals were affected to project specific internal issues. Positively, some of these deals were closed early in CY4Q, most remain in the pipeline, and the company does not think it has seen any competitive losses.</p> <p>Tough Compares - CY18 Growth was Built on 8-Figure Deals. We think ForeScout technology is viewed as a crucial element to security and as a result, the company is brought on to major strategic projects with customers. This has resulted in top-heavy results in CY17 and CY18, which both benefited from three or more 8-figure deals. Conversely, CY19 has seen only 1 YTD, and the CY4Q guidance has been revised to exclude any benefit from a few previously expected 8-fig deals. ForeScout believes these deals remain in the pipeline, representing upside in CY20.</p> <p>Planning Future Steps to Incentivize Term-Based Deals. In addition to a broad improvements to the company’s sales motion (created and filled new Chief Revenue, Chief Customer, and Strategic Account Head positions) ForeScout is planning steps to incentivize the take rate on its Term-Based License (TBL) deals. While still a work in progress, management is looking at two levers: the pricing of, and sales commissions for, TBL vs. traditional on-premise deals.</p> <p>Lowering Estimates. We think the lack of clarity on what specific steps are planned means that it will be a lengthy process to align management, product and sales teams. Further, we also think the company’s plan to incentivize TBL will result in higher near-term pressure as they extend the</p>

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	<p>payback period and increase sales cost. While we acknowledge that the model is mostly derisked, with 8-figure deals now representing upside, we think the turbulence in aligning the company's go-to-market strategy will take 3-4 quarters to show meaningful traction.</p> <p><b>Summit</b> wrote that the Company's "[l]owered estimates should set it up for a beat in C4Q." The analyst "[c]ontinue[d] to reiterate [its] Buy rating on FSCT, but lower PT to \$40 (based on 4x EV/C2020 sales)":<sup>77</sup></p> <p>Continue to reiterate our Buy rating on FSCT, but lower PT to \$40 (based on 4x EV/C2020 sales)</p> <p>Lowered estimates should set it up for a beat in C4Q</p> <p>Execution issues will likely be fixed, if not activist investors will force the company to make changes</p> <p>Model transition to subscription beginning in 2020 will likely be well received</p> <p>Valuation not challenging for a technically sophisticated technology player with solid customer base (25% of fortune 2000)</p> <p>Continue to believe FSCT is the best technology to identify and monitor IOT/OT devices within corporate networks</p> <p>While competition is just beginning to firm up via Palo Alto Networks (Zingbox) and Qualys (Passive Scanning still in Beta), FSCT will likely own the market in the near-term (2 years at a minimum)</p> <p>Continue to believe FSCT is a solid takeout candidate</p>

<sup>77</sup> Summit Insights Group, "Forescout Inc, Reiterate BUY and \$40PT; Patient investors will likely be rewarded," November 6, 2019.

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	<p><b>UBS</b> wrote that the Company’s “full 3Q print was largely in line with the lowered outlook.” The analyst remarked that the Company’s “underwhelming 4Q rev outlook (12% YoY fell below our revised 22%) reflects increased conservatism FSCT is now applying to its guidance methodology”.<sup>78</sup></p> <p>Troughed CY19 estimates + trough fwd multiple keeps us Buy The stock is likely to see some pressure on the weak 4Q but we’re buyers given 1) trough 3x valuation for teens revenue growth despite accelerating focus on ramping recurring rev growth; 2) our positive view on the broader device visibility opportunity (recall increasing M&amp;A in this space by larger players); 3) our unchanged ~15% revenue CAGR through CY21 sitting well below broader device growth trends to which FSCT’s revenue model is tied; and 4) backstop from activist investor involvement. As a frame of reference, FSCT is now trading below takeout valuations of recent cyber LBOs.</p> <p>Details and key learnings from the 3Q miss The full 3Q print was largely in line with the lowered outlook off the 10/10 negative pre-announcement. But incremental was a “post-mortem” of the \$9M miss where noteworthy details included 1) EMEA seeing the most pronounced degree of extending sales cycles on 7-fig deals (particularly UK); 2) APJ down QoQ impacted by a similar dynamic but disproportionately felt given small base (6% rev mix); 3) recognition device visibility is seeing some relegation in budgets. Taken together, mgmt acknowledged both revenue predictability and sales management rigor are key challenges to solve, where legwork on the former is largely complete (term, SaaS offerings), and the latter is manifesting in ramped sales mgmt coverage, scrutiny on pipeline qualification, and processes to drive greater forecasting accuracy.</p> <p>Taking the medicine in 4Q guide The underwhelming 4Q rev outlook (12% YoY fell below our revised 22%) reflects increased conservatism FSCT is now applying to its guidance methodology. With 8- figure deals entirely omitted (FSCT did 3 in 2017, 4 in 2018, 1 YTD), 25% of 3Q slipped deals already closed, and a stable sales org with steady productivity, we think implied MSD/HSD product growth look</p>

<sup>78</sup> UBS, “ForeScout Technologies Inc, Trough Multiple on Temporarily Depressed Growth; Buy,” November 7, 2019.

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	<p>derisked. We expect some investor pushback on implied weakness in core eyeSight + eyeControl areas (fka CounterAct) and retraced steps on NT term-based lic uptake, but believe at 3.9x EV/S on lowered CY19 this is priced in.</p> <p>Valuation: Trading at 3.9x EV/S '19, 3.4x EV/S '20 UBSe Our \$33 PT is based on a 4x EV/S on CY20 UBSe. Multiple inline with FSCT's historical median, but 2x discount to peers, reflecting slower growth and inconsistent execution.</p> <p>Following the Company's disclosures on November 6, 2019, according to Bloomberg, the average of analysts' price targets for Forescout stock decreased to \$37.13 from \$39.88, or -6.90%.<sup>79</sup> All ten analysts who published investment ratings for the Company both before and after the earnings announcement maintained their ratings. (See Exhibit 5C.)</p> <p><b>Remark:</b> Given the mix of information, including that: (i) the Company's revenue and EPS were "in-line with the company's negative preannouncement";<sup>80</sup> (ii) the Company provided an "underwhelming 4Q rev outlook";<sup>81</sup> (iii) some analysts thought the Company's "results largely reflect the lumpiness of its business model and some bumps in</p>

<sup>79</sup> Morgan Stanley is excluded from these figures as it did not publish price targets both before and after the Company's announcement.

<sup>80</sup> Bank of America Merrill Lynch, "ForeScout Technologies, Inc, Guidance disappoints, but no change to fundamental story," November 7, 2019, 1:00 AM. *See also, e.g.*, Macquarie, "ForeScout Technologies, FQ3'19: Taking Lumps on a Lumpy Business," November 7, 2019, 4:07 PM; Morgan Stanley, "Forescout Technologies Inc, Some Bumps on the Road, But Still on a Compelling Path; Resuming at OW," November 7, 2019, 8:23 AM; UBS, "ForeScout Technologies Inc, Trough Multiple on Temporarily Depressed Growth; Buy," November 7, 2019.

<sup>81</sup> UBS, "ForeScout Technologies Inc, Trough Multiple on Temporarily Depressed Growth; Buy," November 7, 2019. *See also, e.g.*, Berenberg, "ForeScout Technologies Inc., ForeScout Q3 first take," November 6, 2019; FBN Securities, "ForeScout Technologies, FSCT: Misexecution in FQ3, but new CRO and expected future Cloud-Delivered EyeSight in Late 2020 Keep Story Attractive," November 7, 2019; Summit Insights Group, "Forescout Inc, Reiterate BUY and \$40PT; Patient investors will likely be rewarded," November 6, 2019.

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	execution rather than a fundamentally broken story;” <sup>82</sup> and (iv) analysts opined that “[m]anagement is taking a more prudent approach as to what should be factored into guidance,” <sup>83</sup> the statistically insignificant Company-specific return on November 7, 2019 is consistent with that expected in an efficient market.
2/6/2020	<p>Before market open on Thursday, February 6, 2020, the Company announced that it would be acquired by Advent International for \$33 per share in an all-cash transaction that valued Forescout at \$1.9 billion. Forescout was to become a private company when the transaction closed “in the second calendar quarter of 2020”.<sup>84</sup></p> <p>Advent will be joined by Crosspoint Capital Partners (“Crosspoint Capital”), a private equity investment firm focused on the cybersecurity and privacy industries, as a co-investor and advisor.</p> <p>The purchase price represents a premium of approximately 30% over Forescout’s closing share price of \$25.45 on October 18, 2019, the last full trading day prior to the release of the 13-D filings by Corvex Management L.P. and Jericho Capital Asset Management L.P. on October 21, 2019, which disclosed they had formed a partnership to approach Forescout and accumulated a combined 14.5% ownership in the company. Upon completion of the transaction, Forescout will become a private company with the flexibility to continue investing in the development and deployment of leading-edge cybersecurity products and solutions that serve the evolving needs of enterprise customers. CEO and President Michael DeCesare will continue to lead the company, and Forescout will continue to be headquartered in San Jose, California. ...</p>

<sup>82</sup> Morgan Stanley, “Forescout Technologies Inc, Some Bumps on the Road, But Still on a Compelling Path; Resuming at OW,” November 7, 2019, 8:23 AM. *See also, e.g.*, Bank of America Merrill Lynch, “ForeScout Technologies, Inc, Guidance disappoints, but no change to fundamental story,” November 7, 2019, 1:00 AM; Berenberg, “ForeScout Technologies Inc., ForeScout Q3 first take,” November 6, 2019.

<sup>83</sup> Berenberg, “ForeScout Technologies Inc., ForeScout Q3 first take,” November 6, 2019. *See also, e.g.*, JP Morgan, “ForeScout, 3Q19: Issues Appear to Be a Mix of Macro and Company Specific,” November 6, 2019, 11:38 PM; Needham, “ForeScout Technologies, Inc., FSCT: Lowered CY4Q Outlook and Changing Marketing Plans Extends Uncertainty,” November 7, 2019; UBS, “ForeScout Technologies Inc, Trough Multiple on Temporarily Depressed Growth; Buy,” November 7, 2019.

<sup>84</sup> *GlobeNewswire*, “Forescout to be Acquired by Advent International in \$1.9 Billion Transaction,” February 6, 2020, 8:00 AM.

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	<p>Under the terms of the agreement, which has been unanimously approved by the Forescout Board of Directors, Forescout shareholders will receive \$33.00 in cash for each share of common stock they own.</p> <p>The agreement includes a 30-day “go-shop” period expiring on March 8, 2020, which permits Forescout’s Board of Directors and advisors to solicit alternative acquisition proposals from third parties. Forescout will have the right to terminate the merger agreement to enter into a superior proposal subject to the terms and conditions of the merger agreement. There can be no assurance that this “go-shop” will result in a superior proposal, and Forescout does not intend to disclose developments with respect to the solicitation process unless and until it determines such disclosure is appropriate or is otherwise required.</p> <p>The transaction is expected to close in the second calendar quarter of 2020, subject to customary closing conditions, including approval by Forescout shareholders and receipt of regulatory approvals. Upon completion of the transaction, Forescout common stock will no longer be listed on any public market.</p> <p>Minutes later, the Company reported its fourth-quarter and full-year 2019 financial results. For the quarter, Forescout reported total revenue of \$91.3 million and a non-GAAP EPS loss of -\$0.09.<sup>85</sup></p> <p>The consensus estimates of quarterly revenue and non-GAAP EPS were \$95.2 million and -\$0.06, respectively.<sup>86</sup></p> <p>Michael DeCesare, then-CEO and President of Forescout, commented on the Company’s results and acquisition:<sup>87</sup></p>

<sup>85</sup> *GlobeNewswire*, “Forescout Technologies Reports Fourth Quarter and Full Year 2019 Financial Results,” February 6, 2020, 8:05 AM.

<sup>86</sup> *MT Newswires*, “Forescout Shares Jump on \$1.9 Billion Deal to be Acquired by Advent International, Q4 Results Miss Views,” February 6, 2020, 9:26 AM.

<sup>87</sup> *GlobeNewswire*, “Forescout Technologies Reports Fourth Quarter and Full Year 2019 Financial Results,” February 6, 2020, 8:05 AM.

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	<p>Our results for the fourth quarter reflect strength across many parts of the business as we continue to see strong demand for device control and visibility across all segments of the market .... We expanded our market footprint with the addition of 160 new logos and 3.2 million new devices under management and we are making progress toward our transition to a more ratable revenue model, as demonstrated by a greater mix of term-based license contracts and strong initial results for eyeSegment, our first software as a service product. We continued to face macro and execution challenges in EMEA, however, we are taking steps to improve those variables that are within our control. Finally, we are excited about the transaction we announced today with Advent International, which positions us for long-term success in the large and growing market for device visibility and control.</p> <p>The Company canceled its conference call and suspended guidance as a result of the acquisition:<sup>88</sup></p> <p>In light of the announced transaction with Advent International, the Company has cancelled its fourth quarter and full year 2019 earnings conference call, previously scheduled to be held today at 1:30 p.m. Pacific time. In addition, the Company is suspending financial guidance for the first quarter and full year 2020 as a result of the pending transaction.</p> <p><b>Bank of America Merrill Lynch</b> wrote that the Company’s “stock is no longer trading on fundamentals and we are moving to No Rating.” The analyst added that “[i]nvestors should no longer rely on our previous opinion or price objective”:<sup>89</sup></p> <p>ForeScout has announced an agreement to be acquired by private equity firm Advent International for \$33.00 per share. The deal is an all-cash transaction valuing ForeScout at ~\$1.9bn. The transaction is expected to close in 2Q20 and has been approved by ForeScout’s Board of Directors. The agreement includes a 30-day “go-shop” period, which expires on March 8, during which ForeScout’s Board of Directors can solicit alternative acquisition proposals.</p>

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<sup>88</sup> *Ibid.*

<sup>89</sup> Bank of America Merrill Lynch, “ForeScout Technologies, Inc, Moving to No Rating,” February 7, 2020, 2:05 AM.



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	<p>Due to the announcement, we believe the stock is no longer trading on fundamentals and we are moving to No Rating. Investors should no longer rely on our previous opinion or price objective. Lastly, we update our model to account for the 4Q earnings release, which happened simultaneously with the acquisition announcement.</p> <p><b>Berenberg</b> “believe[d] the offer price represents a fair value for ForeScout’s business” and “place[d a] low probability on a potential third party counter offer.” The analyst reduced its rating for the Company to “Hold” from “Buy,” and cut its price target to \$33 from \$39 “to reflect the acquisition price”:<sup>90</sup></p> <p>Yesterday morning, ForeScout announced it will be acquired by Advent International and Crosspoint Capital Partners in a transaction valued at \$1.9bn. Given the company’s perpetual license business model and our current growth expectations of 14.5% through 2022, we believe the offer price represents a fair value for ForeScout’s business. Despite the pending go-shop period, we place low probability on a potential third party counter offer. As such, we are lowering our price target to \$33 (previously \$39), in line with the current transaction price and downgrade FSCT to a Hold rating from a Buy rating.</p> <p>Transaction details: Advent will pay \$33.00/share in cash to ForeScout shareholders with the transaction expected to close in the second quarter of 2020. The deal includes a 30-day “go-shop” period expiring March 8, 2020, that gives ForeScout management the right to look for alternative buyout proposals.</p> <p>Fair price in our opinion: At \$1.9bn, the deal values ForeScout at 4.8x our FY20 sales estimates. This does represent a discount to the broader cybersecurity space at 5.6x; however, we believe this is a fair multiple due to the following: 1) a perpetual license based model should warrant a discount relative to peers with a subscription based business; 2) revenue growth is in line with the broader Cybersecurity space (we estimate 14% for FY20); and 3) recent history of sub-par sales execution.</p>

<sup>90</sup> Berenberg, “ForeScout Technologies Inc., Fair price to pay for ForeScout,” February 7, 2020.

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	<p>Thoughts on a counter offer: While the go-shop date is quickly approaching, we would highlight that press reports of a potential sale surfaced in early November. As such, we believe management was already searching for alternatives since that time frame. While we believe a counter offer is unlikely, if it were to surface, we would expect it to come from another private equity player and not a strategic acquirer as we believe the company's product is not compatible with their current strategies.</p> <p>Valuation: We lowering our price target on ForeScout to \$33 from \$39 to reflect the acquisition price.</p> <p><b>FBN</b> wrote that it was dropping coverage of the Company and "the last rating (Outperform), target price, and estimates issued for FSCT should not be relied upon going forward":<sup>91</sup></p> <p>Dropping Coverage. We are dropping coverage of ForeScout Technologies (FSCT) as the company has announced its intention to be acquired.</p> <p>Termination. Effective upon termination of coverage, the last rating (Outperform), target price, and estimates issued for FSCT should not be relied upon going forward.</p> <p><b>JP Morgan</b> wrote that, "[d]ue to J.P. Morgan's involvement in the transaction announced on February 6, 2020, we are suspending our rating and price target for ForeScout Technologies (FSCT US). Our prior rating and price target should no longer be relied upon."<sup>92</sup></p> <p><b>Macquarie</b> wrote that the Company reported "underwhelming FQ4'19 results" as revenue and non-GAAP EPS were short of consensus, which "suggests that any recovery would take longer than previously expected." The analyst "believe[d] the deal price is aligned with our view of the asset's value given Q4 results, large customer</p>

<sup>91</sup> FBN Securities, "ForeScout Technologies, FSCT: Dropping Coverage," February 6, 2020.

<sup>92</sup> JP Morgan, "ForeScout, Suspending Rating and Price Target," February 6, 2020, 3:39 PM.

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	<p>concentration and limited rev. visibility.” Macquarie increased its price target for the Company to \$33 from \$30 “based on today’s proposed transaction price”:<sup>93</sup></p> <p>Key points FSCT announced today the co. has agreed to be acquired by Advent International for \$1.9bn in cash or \$33/sh.</p> <p>The co. also reported underwhelming FQ4’19 results with revs. of \$91.3mn vs. cons. of \$95.3mn, a 4.1% miss.</p> <p>We believe the deal price is aligned with our view of the asset’s value given Q4 results, large customer concentration and limited rev. visibility.</p> <p>Event ForeScout announced today the co. has agreed to be acquired by Advent International in an all-cash transaction for \$1.9bn or \$33/sh which is a ~18% premium over yesterday’s closing price. Advent will be joined by Crosspoint Capital Partners, a PE firm focused on the cybersecurity and privacy industries, as a coinvestor and advisor. The agreement includes a 30-day go-shop period expiring on March 8, 2020. The transaction is expected to close in FQ2’20.</p> <p>Impact Headlines suggested a sale back in November. We are not surprised by the news as back in November we noted BBG headlines stating that FSCT was exploring a strategic sale following a 14.5% combined stake from activist investors – Corvex Management and Jericho Capital Asset Management.</p> <p>Recently the co. has missed and lowered expectations. While we were constructive on the co.’s initiatives to drive more recurring software-based revs. and its opportunities in the IoT and OT space, we were concerned on the co.’s large customer concentration and limited revenue</p>

<sup>93</sup> Macquarie, “ForeScout Technologies, Advent International to purchase in take-private,” February 6, 2020, 4:53 PM.

## Exhibit 12

Impact Date	Event
	<p>visibility. While the co. could have been distracted with the impending sale during the quarter, the ~4% rev. miss in Q4 announced today suggests that any recovery would take longer than previously expected. There was significant deal slippage in FQ3'19 to the tune of ~15 seven fig. deals that likely slipped Q4 as well based on today's earnings release. During our annual SVSR bus tour in December, Mgmt. vocalized how difficult forecasting large deals could be.</p> <p>FQ4'19: A Big Miss with the Acquisition Announcement. ForeScout reported condensed FQ4'19 results without supplemental materials or FY'20 guidance. The co. reported revs. of \$91.3mn (+7.8% Y/Y) below cons. of \$95.3mn (+12.4% Y/Y). The co. noted continued macro and execution challenges in EMEA. License revs. were \$48.4mn (1.9% Y/Y) below cons. of \$52.0mn (+9.6% Y/Y) and Subs. revs. of \$37.6mn were 3% below cons. Adj. GM was 78.7% below cons. of 79.3%. Non- GAAP OM remained negative at 4.2%, under cons. of negative 2.5%, which drove a lighter Non-GAAP EPS of \$(0.09) vs. street est. of \$(0.06).</p> <p>Valuation and Recommendation We reiterate our Neutral rating and move our TP to \$33 from \$30 based on today's proposed transaction price which implies 3.9x FY'21e EV/Sales vs. cons. of 2.6x before the deal announcement and vs. the Traditional Security peer group at 5.4x and vs. a Cloud Security peer group at 9.2x FY'21e EV/Sales.</p> <p><b>Morgan Stanley</b> did not comment on the Company's earnings and did not opine on the acquisition offer:<sup>94</sup></p> <p>ForeScout to Be Acquired by Advent International. Before market open on February 6th, ForeScout announced that it has entered into a definitive agreement under which Advent International will acquire all outstanding shares of ForeScout common stock for \$33.00/share in an all-cash transaction valued at ~\$1.9 billion. Advent International has partnered with Crosspoint Capital Partners as co-investor and advisor, with the combined team led by Bryan Taylor (Head of Advent's technology investment team) and Greg Clark (Managing Partner at Crosspoint Capital and former CEO of Symantec). Post transaction, ForeScout will continue to</p>

<sup>94</sup> Morgan Stanley, "ForeScout Technologies Inc, ForeScout to Be Acquired by Advent International," February 6, 2020, 5:06 PM.

## Exhibit 12

Impact Date	Event
	<p>be led by current President and CEO Michael DeCesare as a private company to continue investing and developing its product portfolio and sales organization while transitioning towards more recurring revenue.</p> <p>Valuation Details. The transaction, which the companies expect to close in the second calendar quarter of 2020, represents a ~18% premium to the closing price of \$27.98 as of February 5th and ~30% premium over ForeScout's closing share price of \$25.45 on October 18, 2019, the last full trading day prior to the release of the 13-D filings by Corvex and Jericho Capital on October 21, 2019. At \$33.00/share, the proposed transaction represents ~4.5x EV/NTM sales per Thomson Reuters CY20 revenue estimates (~0.31x EV/Sales/NTM growth) compared to the average enterprise security M&amp;A multiple since 2013 at ~5.5x NTM sales or 0.44x EV/Sales/NTM growth. The agreement includes a 30-day "go-shop" period expiring on March 8th during which ForeScout can solicit alternative acquisition proposals from third parties.</p> <p><b>Needham</b> wrote that the Company reported "soft Revenue and Earnings." The analyst commented that the proposed acquisition price was "a modest premium for a company with ongoing go-to-market challenges." Needham "th[ought] its unlikely we see anyone up-bid the deal at this point. However, with the stock now trading above the takeout price, clearly there is some potential for a second bid".<sup>95</sup></p> <p>This morning Forescout announced an agreement to be acquired by Advent International and Crosspoint Capital Partners. The company also released CY4Q19 results indicating soft Revenue and Earnings, but suspended forward guidance and canceled their earnings call. As highlighted in our preview, the acquisition comes as a result of an activist campaign started in October to push for shareholder value creation. We view the \$33 takeout price, roughly 20% upside from where the stock closed yesterday, and ~15% since the activist stake was disclosed on October 21, as a modest premium for a company with ongoing go-to-market challenges.</p> <p>We Believe Acquisition is Likely a Done Deal. The acquisition agreement includes a 30-day Go-Shop, but we think its unlikely we see anyone up-bid the deal at this point. However, with</p>

<sup>95</sup> Needham, "ForeScout Technologies, Inc., FSCT: Announces Agreement to Be Acquired at \$33," February 6, 2020.

## Exhibit 12

Impact Date	Event
	<p>the stock now trading above the takeout price, clearly there is some potential for a second bid. Still, we point out that the acquisition came as a result of a strategic review, and that the company has likely been considering offers for the last four months.</p> <p>Macro and Execution Headwinds Continue. The company's CY4Q Results included Revenues of \$91.3 Million, 1% below Consensus at \$92.3 Million, and an EPS loss of (\$0.09), below the Street at (\$0.07). Forescout called out continued challenges with Macro and Execution in EMEA.</p> <p>Term-Based Licensing Grew to 21% of CY4Q Revenue. Positively, the company continues to grow its recurring Revenue base, with TBL accounting for 21% of License Revenue in CY4Q, up from 4% in the September quarter. The company also added 160 new logos and 3.2 million new devices,</p> <p>Valuation is Relatively Cheap, But Fairly Priced. At the \$33 deal price Forescout would be valued at an EV/S of 4.4x or CY20 estimate and 3.7x our CY21 estimate, as significant discount to other Security names, but we think adequately reflecting the ongoing transition to a Subscription model, execution headwinds, and competitive challenges.</p> <p>We Are Updating our Model to Reflect Quarterly Results. Given the company's suspension of guidance, we are letting the results flow through our forward model, but leaving our forward estimates untouched.</p> <p><b>Piper Sandler</b> wrote that the Company's revenue was short of consensus due "to a mix shift to term licenses." The analyst added that the Company's "revenue shortfall led to EPS lower than expectations." The analyst reduced its rating for the Company to "Neutral" from "Overweight" and cut its price target to \$33 from \$45 to reflect the acquisition, which "ha[d] a high probability of occurring".<sup>96</sup></p>

<sup>96</sup> Piper Sandler, "Forescout Technologies, Inc., 'And So it Goes' - FSCT: Agreement to be Acquired by Private Equity for \$33/Sh," February 6, 2020, 11:00 AM.

**Exhibit 12**

Impact Date	Event
	<p>Forescout announces that PE firms Advent International and Cross Point Capital are acquiring the company for \$1.9B, or \$33 per share in cash. This represents 4.8x our CY'20 revenue forecast and roughly 4.3x our CY'21 revenue forecast. Deal includes a 30-day go-shop period. 4Q earnings were also announced. Light revenue looked to be attributable to a mix shift to term licenses. Conference call has been canceled.</p> <p>Forescout announced this morning that it has entered into an agreement to be acquired by a joint venture of private equity firms Advent International and Crosspoint Capital Partners for \$1.9B in cash or \$33 per share. The purchase price represents an 18% premium over yesterday's closing price of \$27.98, and implies a 4.8x and 4.3x EV to our CY'20 and CY'21 revenue estimates, respectively.</p> <p>According to the press release by Forescout, the transaction is expected to close in 2Q'20, and the agreement includes a 30-day go-shop period ending March 8, 2020, which allows Forescout's Board to solicit acquisition proposals from other parties.</p> <p>Advent International had \$56.6B in assets under management as of September 30, 2019. Bryan Taylor, head of Advent's technology investment team, and Greg Clark, Managing Partner of Crosspoint, are taking the lead on the investment.</p> <p>4Q'19 Earnings. Revenue of \$91.3M was below consensus of \$95.3M. Underperformance was attributable like to a mix shift to term-based licenses - which equated to 21% of license mix - well ahead of our expectations for the quarter. The revenue shortfall led to EPS lower than expectations. Converting the term licenses back to perpetual, based on historical guidance metrics, would have resulted in a beat to revenue expectations.</p> <p>'End of the Road.' We are lowering our rating on FSCT to Neutral and revising our price target to the proposed acquisition price of \$33 as we believe the acquisition has a high probability of occurring. We do see several strategic players in CSCO, JNPR and HPE as well as adjacent players in networking and IT asset management that could make strategic sense, but believe that</p>

## Exhibit 12

Impact Date	Event
	<p>given the myriad of startup competitors with similar solutions, PE will likely become the acquirer of this asset.</p> <p><b>RISKS TO ACHIEVEMENT OF PT &amp; RECOMMENDATION</b> Risks include macroeconomic conditions, competitive dynamics with incumbents and new entrants, material compromise of Forescout's products, and business risks associated with the transition to a subscription billing model.</p> <p><b>Summit</b> wrote that the Company "missed on revenue, citing execution challenges in EMEA." The analyst opined that the Company's challenges "le[d] to a sell-out at a bare minimum acceptable price." Summit noted that "some investors believe that a new potential bidder might move forward with a higher price".<sup>97</sup></p> <p>This morning, Forescout (FSCT) announced that it was acquired by Advent International, a private equity firm, for \$33.00 in an all cash transaction. This is a 30% premium to \$25.45, the closing price on October 18th, 2019, the last full trading day prior to the filing of 13-D by Corvex and Jericho. Forescout has 30 days to shop around for a better price. In conjunction with its acquisition announcement, the company reported results that missed on revenue, citing execution challenges in EMEA. We have always stated that the company can ill afford to mis-execute otherwise the activist investors will likely force the company to sell itself.</p> <p>Forescout, in our opinion, had solid products that had first mover advantage in securing IOT devices. FSCT has a commanding market presence in the US Government and Financial sectors, two of the most highly demanding verticals, yet, it could not fix its execution challenges, leading to a sell-out at a bare minimum acceptable price. The \$33 price translates to about 3.6x on EV/sales basis, which is well below the historical takeout multiple of 4x-8x for on premises software assets. We believe FSCT is being treated as a hardware/networking player, rather than a software player, leading to a lower multiple. We believe that Forescout was under duress to</p>

<sup>97</sup> Summit Insights Group, "More than a 50% chance an alternative buyer could emerge; As expected, activist investors likely forced the company to sell itself ahead of negative results," February 6, 2020.



**Exhibit 12**

Impact Date	Event
	<p>sell itself, given that if the company was not acquired, the stock would have lost 25-30% of its value from yesterday's closing price.</p> <p>Forescout stock is trading at around \$33.45, indicating that some investors believe that a new potential bidder might move forward with a higher price. We believe that Forescout has an excellent track record in addressing IoT threats. Its software is able to detect new devices attached to a network and then classify and govern those devices in real time. FSCT has FedRamp certifications in place – a valuable asset -- which leads us to believe at \$33 that Forescout is a steal.</p> <p><b>UBS</b> wrote that the Company reported “weak 4Q results” as both revenue and EPS were short of consensus. The analyst “believe[d] these lackluster results likely accelerated the pending transaction outcome.” UBS commented that the proposed “takeout multiples are largely in line with the 4-6x range per our precedent transaction analyses within cybersecurity M&amp;A”:<sup>98</sup></p> <p>Agreement to be acquired by Advent International, Crosspoint Capital  FSCT has announced a definitive agreement to be acquired by private equity firm Advent International, in partnership with Crosspoint Capital (led by seasoned cybersecurity executive Greg Clark of prior Symantec, Blue Coat). The \$33 per share cash offer amounts to a \$1.9B transaction value which implies 5.6x CY19 EV/S and 5.1x. EV/S CY20 on our estimates. These takeout multiples are largely in line with the 4-6x range per our precedent transaction analyses within cybersecurity M&amp;A, which involved financial and strategic buyers. We'd note that the transaction size compares to competitor Armis' \$1.1B takeout by Insight Ventures (also a financial buyer).</p> <p>Offer price well below recent highs  The offer price represents a 30% premium to the unaffected share price before activist involvement in the stock (10/18/19), and after the 3Q19 miss where FSCT reported revenues 9%</p>

<sup>98</sup> UBS, “ForeScout Technologies Inc, Announces Go-Private Deal with Financial Buyer Advent,” February 6, 2020.

**Exhibit 12**

Impact Date	Event
	<p>below consensus. This is a 33% discount to all-time highs and in line / below to where the stock has been trading since late November.</p> <p>Soft 4Q likely accelerated the timeframe</p> <p>In conjunction the take private announcement, FSCT announced weak 4Q results, with revenues +8% YoY falling 4% below consensus, where product 2% YoY showed no meaningful recovery from 3Q as macro and execution challenges persisted. Profitability also came in light with op loss (\$3.8M) and EPS (\$0.09) disappointing against Street's (\$2.4M) and (\$0.06). We believe these lackluster results likely accelerated the pending transaction outcome.</p> <p>News media attributed the increase in Forescout's stock price on February 6, 2020 to the Company's announcements.<sup>99</sup></p> <p>Following the Company's disclosures on February 6, 2020, according to Bloomberg, the average of analysts' price targets for Forescout stock decreased to \$33.00 from \$38.50, or -14.29%.<sup>100</sup> Of the nine analysts who published investment ratings for the Company both before and after the earnings announcement, three downgraded their ratings. (See Exhibit 5C.)</p>

<sup>99</sup> See, e.g., *MT Newswires*, "Forescout Shares Jump on \$1.9 Billion Deal to be Acquired by Advent International, Q4 Results Miss Views," February 6, 2020, 9:26 AM; *Dow Jones Institutional News*, "Forescout Shares Up 19%, Topping Takeover Price >FSCT," February 6, 2020, 9:58 AM; *Globes*, "Private equity firms buying Forescout Technologies for \$1.9b; Advent International and Crosspoint Capital have agreed to pay \$33 per share for US-Israeli company Forescout, which made its Nasdaq IPO just over two years ago," February 6, 2020.

<sup>100</sup> FBN Securities, JP Morgan, Monness Crespi Hardt & Co, and Morgan Stanley are excluded from these figures as they did not provide price targets both before and after the Company's announcements.

**Exhibit 12**

Impact Date	Event
	<b>Remark:</b> Given that: (i) the Company reported “weak 4Q results” as both revenue and EPS were short of consensus; <sup>101</sup> (ii) the Company’s “stock [wa]s no longer trading on fundamentals”; <sup>102</sup> (iii) “the offer price represent[ed] a fair value for ForeScout’s business”; <sup>103</sup> and (iv) most analysts set their price targets for the Company to \$33 “based on [the] proposed transaction price,” <sup>104</sup> the statistically significant Company-specific stock price increase on February 6, 2020 is consistent with that expected in an efficient market.
5/12/2020	<p>After market close on Monday, May 11, 2020, the Company reported its first-quarter 2020 financial results. For the quarter, Forescout reported total revenue of \$57.2 million and non-GAAP EPS loss of -\$0.67.<sup>105</sup></p> <p>The consensus estimates of quarterly revenue and non-GAAP EPS were \$79.8 million and -\$0.33, respectively.<sup>106</sup></p>

<sup>101</sup> UBS, “ForeScout Technologies Inc, Announces Go-Private Deal with Financial Buyer Advent,” February 6, 2020. *See also, e.g.*, Macquarie, “ForeScout Technologies, Advent International to purchase in take-private,” February 6, 2020, 4:53 PM; Needham, “ForeScout Technologies, Inc., FSCT: Announces Agreement to Be Acquired at \$33,” February 6, 2020; Piper Sandler, “Forescout Technologies, Inc., ‘And So it Goes’ - FSCT: Agreement to be Acquired by Private Equity for \$33/Sh,” February 6, 2020, 11:00 AM.

<sup>102</sup> Bank of America Merrill Lynch, “ForeScout Technologies, Inc, Moving to No Rating,” February 7, 2020, 2:05 AM.

<sup>103</sup> Berenberg, “ForeScout Technologies Inc., Fair price to pay for ForeScout,” February 7, 2020. *See also, e.g.*, Macquarie, “ForeScout Technologies, Advent International to purchase in take-private,” February 6, 2020, 4:53 PM; Needham, “ForeScout Technologies, Inc., FSCT: Announces Agreement to Be Acquired at \$33,” February 6, 2020; UBS, “ForeScout Technologies Inc, Announces Go-Private Deal with Financial Buyer Advent,” February 6, 2020.

<sup>104</sup> Macquarie, “ForeScout Technologies, Advent International to purchase in take-private,” February 6, 2020, 4:53 PM. *See also, e.g.*, Berenberg, “ForeScout Technologies Inc., Fair price to pay for ForeScout,” February 7, 2020; Needham, “ForeScout Technologies, Inc., FSCT: Announces Agreement to Be Acquired at \$33,” February 6, 2020; Piper Sandler, “Forescout Technologies, Inc., ‘And So it Goes’ - FSCT: Agreement to be Acquired by Private Equity for \$33/Sh,” February 6, 2020, 11:00 AM.

<sup>105</sup> *GlobeNewswire*, “Forescout Technologies Reports First Quarter 2020 Financial Results,” May 11, 2020, 4:05 PM.

<sup>106</sup> *Reuters*, “ForeScout Technologies Inc: Losses of 67 cents announced for first quarter,” May 11, 2020, 7:56 PM.

## Exhibit 12

Impact Date	Event
	<p>Michael DeCesare, then-CEO and President of Forescout, commented on the Company's results:<sup>107</sup></p> <p>In March, the severity of the COVID-19 pandemic sharply escalated around the world, causing some customers to delay purchasing decisions in order to prioritize employee health and safety and business continuity planning . . . . As organizations have shifted to remote workforces, their network footprint has evolved but the need for visibility and control of all devices on the network remains imperative, regardless of whether devices reside within the confines of corporate offices or in remote, work from home environments. Forescout's platform is uniquely positioned to help enterprises in today's perimeter-less world and defend against increasingly sophisticated cyber threats. We look forward to completing our pending transaction with Advent International Corporation, which will position us for long-term success as we execute on our large and growing market opportunity.</p> <p>"In light of the pending transaction with Advent," the Company did not hold a conference call or provide guidance.<sup>108</sup></p> <p><b>Macquarie</b> wrote that the Company "reported a big miss of 28% on the top line with a \$0.67 EPS loss (also materially worse), and negative FCF of \$15.3mn." The analyst commented that the Advent "deal is set to close in Q2 and is stabilizing shares," and that "a re-pricing, with software stocks back near highs, ... [was] unlikely even with this miss".<sup>109</sup></p> <p>Key points  FSCT missed by 28% in Q1 citing COVID-19 impacting customers &amp; sales.</p> <p>Holders recently voted to approve a \$33 acquisition, helping support shares.</p>

<sup>107</sup> *GlobeNewswire*, "Forescout Technologies Reports First Quarter 2020 Financial Results," May 11, 2020, 4:05 PM.

<sup>108</sup> *Ibid.*

<sup>109</sup> Macquarie, "ForeScout Technologies, FQ1'20: Bad miss, but Advent acquisition stabilizing shares," May 12, 2020, 5:46 PM.

**Exhibit 12**

Impact Date	Event
	<p>While some have called for a re-pricing, with software stocks back near highs, this is unlikely even with this miss. Reit. N.</p> <p>Forescout reported a big miss of 28% on the top line with a \$0.67 EPS loss (also materially worse), and negative FCF of \$15.3mn. Recall that FSCT makes two types of products: ones that aid in visibility and control, and products for orchestration across IT and OT devices. Softness was cited as due to COVID-19 where customers' budgets are under pressure while sales operations are also challenged. Helping offset this is Forescout shareholders voted to approve the proposed transaction with Advent International and Crosspoint Capital Partners on April 23rd. This followed a go-shop period in which the co. reported no alternative proposals. The transaction, first disclosed on Feb. 6th, is set to occur at \$33, representing a 30% premium over the share price of \$25.45 on October 18th, 2019 – the day prior to a filing that disclosed a 14.5% stake by two activist investors Corvex and Jericho. The deal is set to close in Q2 and is stabilizing shares. Reit. N as we await deal closure – TP remains \$33 with lower estimates.</p> <p>FQ1'20: COVID-19 and pending acquisition causes large top line miss. The co. reported revs. of \$57.2mn (-24.4% Y/Y), significantly below cons. of \$79.2mn (+4.9% Y/Y) caused by light license revs. at \$14.8mn (-60.7% Y/Y), below cons. of \$27.0mn (-28.5% Y/Y). Sub revs of \$37.5mn were only 4.3% below cons. of \$39.2mn. Adj. GM was 68.6% in-line with cons. of 68.7%. Non-GAAP OM was driven further negative by the top line miss at -54.9% vs cons. of negative 22.6%. Non-GAAP EPS of \$(0.67) came in lower than cons. estimates of \$(0.36). Billings came in at \$49.4mn (-39.9% Y/Y) vs. cons. of \$73.2mn (-10.9% Y/Y), also significantly lower.</p> <p>This is the third quarter the co. has missed expectations. Even prior to COVID-19, there was significant deal slippage in FQ3'19 (~15 seven fig. deals) resulting in a preannouncement and reduction in revenue guide by 8.4%. Following this, the co. missed revenues in FQ4'19 by 4%, largely due to lower than expected license revenues. With yesterday's 1Q20 announcement and miss of 28%, we continue to be cautious around the co.'s volatile and lumpy sales, and uncertain outlook. We note that many software companies were not significantly impacted by COVID-19 in Q1, but because many deals close in the last few</p>

## Exhibit 12

Impact Date	Event
	<p>days of the quarter, we would expect some deals to slip into Q2. We look forward to further commentary around deal timing and a way to parse between COVID-19 related slippage and acquisition related hesitation by customers – both of which we do think are reversible as the economy opens back up.</p> <p>Valuation We reiterate our Neutral rating and keep our TP at \$33 based on the proposed transaction price, which implies 5.83x FY'21e EV/Sales vs. cons. of 3.7x and vs. the Traditional Security peer group at 5.0x.</p> <p><b>Piper Sandler</b> did not comment on the Company's earnings, but it did "reduc[e] revenue estimates for 2020 and 2021 predicated on uncertain demand trends specifically within product / license revenue given the current environment and resulting potential for further large deal slippage." Piper Sandler also "modestly reduc[ed] [its] EPS estimates for the same periods," and reiterated its \$33 price target for the Company, "[g]iven the pending acquisition":<sup>110</sup></p> <p>The company released 1Q'20 earnings today, and we are making the following adjustments to our model: We are reducing revenue estimates for 2020 and 2021 predicated on uncertain demand trends specifically within product / license revenue given the current environment and resulting potential for further large deal slippage. Additionally, we are modestly reducing our EPS estimates for the same periods, as we anticipate opex decreases to offset some of the revenue impact as the company faces the challenges from the ongoing pandemic. Given the pending acquisition we remain Neutral with a \$33 PT.</p> <p><b>RISKS TO ACHIEVEMENT OF PT &amp; RECOMMENDATION</b> Risks include macroeconomic conditions, competitive dynamics with incumbents and new entrants, material compromise of Forescout's products, and business risks associated with the transition to a subscription billing model.</p>

<sup>110</sup> Piper Sandler, "Forescout Technologies, Inc., FSCT - Model Update," May 11, 2020, 7:14 PM.

**Exhibit 12**

Impact Date	Event
	<p>Following the Company’s disclosures on May 11, 2020, according to Bloomberg, the average of analysts’ price targets for Forescout stock was unchanged at \$33.00. All nine analysts who published investment ratings for the Company both before and after the earnings announcement maintained their ratings. (<i>See Exhibit 5C.</i>)</p> <p><b><u>Remark:</u></b> Given the mix of information disclosed, including that: (i) the Company “reported a big miss” as both revenue and EPS were short of consensus;<sup>111</sup> and (ii) the Advent deal was “helping support shares,”<sup>112</sup> the statistically insignificant Company-specific return on May 12, 2020 is consistent with that expected in an efficient market.</p>

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<sup>111</sup> Macquarie, “ForeScout Technologies, FQ1’20: Bad miss, but Advent acquisition stabilizing shares,” May 12, 2020, 5:46 PM.

<sup>112</sup> Macquarie, “ForeScout Technologies, FQ1’20: Bad miss, but Advent acquisition stabilizing shares,” May 12, 2020, 5:46 PM. *See also*, e.g., Piper Sandler, “Forescout Technologies, Inc., FSCT - Model Update,” May 11, 2020, 7:14 PM.

**Exhibit 13****Forescout Technologies, Inc.****Market Capitalization**

Source: Bloomberg

Date	FSCT's Market Capitalization	Median Market Capitalization <sup>1</sup>		Mean Market Capitalization <sup>1</sup>		FSCT's Percentile <sup>2</sup>		Number of Companies	
		NYSE	NASDAQ	NYSE	NASDAQ	NYSE	NASDAQ	NYSE	NASDAQ
5/9/2019	\$1,954,435,800	\$3,677,833,344	\$357,248,960	\$16,214,005,686	\$5,117,160,207	35.0%	78.7%	1,144	2,498
12/31/2019	\$1,547,283,200	\$3,800,062,464	\$372,009,984	\$17,508,260,511	\$5,759,748,476	30.6%	74.0%	1,179	2,517
3/18/2020	\$1,127,351,800	\$1,926,265,536	\$221,619,440	\$11,971,738,517	\$4,481,022,717	39.1%	77.1%	1,186	2,520
5/15/2020	\$1,454,296,700	\$2,417,497,088	\$279,989,008	\$13,924,375,569	\$5,796,658,291	38.0%	76.4%	1,195	2,516

Month	Forescout's Stock		
	Minimum	Maximum	Average
May-19	\$1,450,988,500	\$1,954,435,800	\$1,556,490,319
Jun-19	\$1,367,312,400	\$1,554,113,600	\$1,473,739,355
Jul-19	\$1,556,375,100	\$1,794,738,900	\$1,699,117,900
Aug-19	\$1,516,572,500	\$1,711,191,800	\$1,633,823,705
Sep-19	\$1,614,610,900	\$1,752,319,500	\$1,685,429,165
Oct-19	\$1,135,172,200	\$1,842,430,900	\$1,452,571,148
Nov-19	\$1,382,169,800	\$1,706,257,100	\$1,565,956,065
Dec-19	\$1,537,848,600	\$1,671,348,900	\$1,592,827,886
Jan-20	\$1,344,909,900	\$1,591,862,000	\$1,496,235,010
Feb-20	\$1,319,908,100	\$1,598,471,600	\$1,545,331,658
Mar-20	\$1,127,351,800	\$1,580,906,400	\$1,457,673,418
Apr-20	\$1,501,518,900	\$1,595,670,300	\$1,566,621,600
May-20	\$1,454,296,700	\$1,580,907,300	\$1,537,967,918

Notes:

1) Market capitalization of companies whose primary listing of common stock is on the NYSE and the NASDAQ, excluding companies with no data available.

2) This reflects the percentage of companies in the NYSE and NASDAQ with market capitalization smaller than Forescout Technologies, Inc. Companies without market capitalization data have been omitted from this analysis.



**Exhibit 14****Forescout Technologies, Inc.****Public Float: Reported Shares Outstanding Minus Total Insider Holdings**

Source: Bloomberg, Refinitiv Eikon

<b>Reporting Date</b>	<b>Reported Shares Outstanding</b>	<b>Total Insider Holdings</b>	<b>Float (Shares)</b>	<b>Float (Dollars)</b>	<b>Float (%)</b>
5/15/2019	45,230,000	2,912,464	42,317,536	\$1,472,650,253	93.6%
5/31/2019	45,230,000	2,912,464	42,317,536	\$1,359,239,256	93.6%
6/14/2019	45,230,000	2,912,464	42,317,536	\$1,367,279,588	93.6%
6/28/2019	45,230,000	2,220,159	43,009,841	\$1,456,313,216	95.1%
7/15/2019	45,230,000	2,220,159	43,009,841	\$1,633,943,860	95.1%
7/31/2019	45,230,000	2,220,159	43,009,841	\$1,606,847,660	95.1%
8/15/2019	46,211,000	2,220,159	43,990,841	\$1,603,026,246	95.2%
8/30/2019	46,211,000	2,220,159	43,990,841	\$1,576,191,833	95.2%
9/13/2019	46,211,000	2,220,159	43,990,841	\$1,604,785,880	95.2%
9/30/2019	46,211,000	2,107,135	44,103,865	\$1,672,418,561	95.4%
10/15/2019	46,211,000	2,107,135	44,103,865	\$1,152,654,512	95.4%
10/31/2019	46,211,000	2,107,135	44,103,865	\$1,356,634,887	95.4%
11/15/2019	47,173,000	2,107,135	45,065,865	\$1,540,351,266	95.5%
11/29/2019	47,173,000	2,107,135	45,065,865	\$1,614,709,943	95.5%
12/13/2019	47,173,000	2,107,135	45,065,865	\$1,557,025,636	95.5%
12/31/2019	47,173,000	2,254,853	44,918,147	\$1,473,315,222	95.2%
1/15/2020	47,173,000	2,254,853	44,918,147	\$1,511,046,465	95.2%
1/31/2020	47,173,000	2,254,853	44,918,147	\$1,280,616,371	95.2%
2/14/2020	48,147,000	2,254,853	45,892,147	\$1,513,523,008	95.3%
2/28/2020	48,405,000	2,254,853	46,150,147	\$1,501,725,783	95.3%
3/13/2020	48,405,000	2,254,853	46,150,147	\$1,437,115,578	95.3%
3/31/2020	49,037,000	2,106,897	46,930,103	\$1,482,521,954	95.7%
4/15/2020	49,037,000	2,106,897	46,930,103	\$1,505,048,403	95.7%
4/30/2020	49,037,000	2,106,897	46,930,103	\$1,490,500,071	95.7%
5/15/2020	49,265,000	2,106,897	47,158,103	\$1,392,107,201	95.7%
<b>Average</b>	<b>46,920,680</b>	<b>2,266,314</b>	<b>44,654,366</b>	<b>\$1,486,463,706</b>	<b>95.2%</b>